THE DETERMINANTS OF PERSONAL BANKRUPTCY IN MALAYSIA: LENDING RATE, NON-PERFORMING LOAN, UNEMPLOYMENT RATE AND GROSS NATIONAL INCOME

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ABSTRACT

The purpose of this research is to investigate the determinants of personal bankruptcy in Malaysia. I want to proceed with more detail about this research because it is due to the increasing of personal bankruptcy cases from year to year especially 2016, 2017 and 2018 which involves 290,001, 300,958 and 303,415 cases (Malaysian Department of Insolvency, 2019). Some of Malaysian has issues in financial literacy and it will lead to grow in personal bankruptcy cases if there is less initiative to avoid it. Maybe mostly does not know how to manage their financial properly and be organizing. This research will create more awareness and give more information to Malaysian about the important of personal bankruptcy. Other than that, this research will be managed by four objectives which are to discover whether lending rate, non-performing loan, unemployment rate and gross national income will affect the bankruptcy cases in Malaysia. For research design, will be used secondary data analysis using time series data by yearly starting from 1988 until 2018 and it is consists of thirty one observations. Then, will be used descriptive analysis (stationary test and normality test), correlation analysis (autocorrelation test) and multiple regression analysis (T-test, F-test, test on assumption, test multicollinearity and hypothesis testing) method to measure the relationship between dependent variable and independent variables. The analysis is using E-Views software to determine the relationship between variables.