



**A STUDY ON FACTORS AFFECTING BANKRUPTCY IN MALAYSIA: NON-
PERFORMING LOAN, BASE LENDING RATE, CREDIT CARD DEBT AND
UNEMPLOYMENT RATE**

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TABLE OF CONTENTS

	Page
TITLE PAGE	i-ii
DECLARATION OF ORIGINAL WORK	iii
LETTER OF TRANSMITTAL	iv
ACKNOWLEDGEMENT	v
TABLE OF CONTENTS	vi-x
LIST OF TABLES	xi
LIST OF FIGURES	xii
LIST OF ABBREVIATIONS	xiii
ABSTRACT	xiv
CHAPTER 1 INTRODUCTION	
1.0 Introduction	1
1.1 Background of Study	1-3
1.2 Problem Statement	3-5
1.3 Research Objectives	5-6
1.4 Research Questions	6
1.5 Scope of Study	6-7
1.6 Significance of Study	
1.6.1 Researcher	7
1.6.2 Public	7
1.6.3 Financial Institution	8
1.7 Limitation of Study	
1.7.1 Data Availability and Statistics	8
1.8 Research Structure	9
1.9 Conclusion	9
CHAPTER 2 LITERATURE REVIEW	

2.0 Introduction	10
2.1 Research on Bankruptcy	10-11
2.2 Non-Performing Loan	11-14
2.3 Base Lending Rate	14-16
2.4 Credit Card Debt	16-17
2.5 Unemployment Rate	17-19
2.6 Theoretical Framework	19-20
2.7 Conclusion	20
CHAPTER 3 METHODOLOGY	
3.0 Introduction	21
3.1 Research Design	21-22
3.2 Source of Data	22
3.3 Description of Data	22-23
3.4 Model Estimation	
3.4.1 Simple Linear Regression	24
3.4.2 Multiple Linear Regression	25
3.5 Empirical Model	
3.5.1 Single Linear Regression	25-26
3.5.1.1 Model 1: NPL – BRP	26
3.5.1.2 Model 2: BLR – BRP	26-27
3.5.1.3 Model 3: CCD – BRP	27
3.5.1.4 Model 4: UEM – BRP	27-28
3.5.2 Multiple Linear Regression	
3.5.2.1 Model 5: NPL, BLR, CCD, UEM – BRP	28-29
3.6 Hypothesis Statement	29-31
3.7 Data Analysis	
3.7.1 Unit Root Test	31-32

ABSTRACT

Bankruptcy is a legal proceeding involving a person or business that is unable to settle outstanding debts. The reason being is the increasing trend of bankruptcy in Malaysia will essentially become a stumbling block for Malaysia to become a “high-income status nation” by 2020. Unfortunately, the problem of bankruptcy is still increasing from year to year and this has raised the interest to study what is some of the possible relevant factors that lead to the bankruptcy. The purpose of this study is to investigate the impact of non-performing loan, base lending rate, credit card debt and unemployment rate on bankruptcy. This study used 9 years of quarterly data that consists of 36 observations which is from 2010 until 2018. The method used for this study is Multiple Linear Regression. This study used E-Views software in order to run all the data collected to test and analyses the results for discussions. In this study, the results show that only one independent variable significant which is base lending rate. Based on previous studies, mostly agree that non-performing loan, base lending rate, credit card debt and unemployment rate plays their own roles in determined the conditions of bankruptcy.