THE IMPACT OF MACROECONOMIC VARIABLES TO NON-PERFORMING LOAN IN MALAYSIA

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JULY 2019

ACKNOWLEDGEMENT

In the name of Allah, the most beneficent and merciful who gave me strength and knowledge to understand, learn and complete this study. This has proved to be a great experience to be able to do a study.

First and foremost, this study would not have been possible without the kind support and help of many individuals. The success and final outcome of this study required a lot of guidance and assistance from many people especially from the experts. I am admire the help and guidance from my advisor Madam Hazalinda Harun and my second examiner, Dr Azhana Binti Othman who carry the responsibility to guide me in completing this study. Thank you for willing to spend your gold time to guide, support and give advises to me from the start until the completion of this study.

Also, my deepest appreciation to all people that give never ending support and provided me the possibility to complete this study such as my classmates, my friends, and my family.

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ABSTRACT

The rising of non-performing loans has been a concern in Malaysia as it is one of the factor that contributes to bankruptcy. This study therefore want to determine the relationship between selected macroeconomic variables and the non performing loan in Malaysia. The macroeconomic variables that were used in this study are lending interest rate, inflation rate, unemployment rate, exchange rate and also gross domestic product. Meanwhile, the dependent variable used in this study was non-performing loans. Secondary data extracted from the Data Stream or Thompson Reuters in quarterly reviews for the period of 2010 to 2018 was analyzed by using E-views. A descriptive research design was adopted and summary statistics presented in tables. The result of the finding shows that only exchange rate variable is significant to non-performing loan.