



THE DETERMINANTS OF INCREASING HOUSEHOLD DEBT IN MALAYSIA

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ABSTRACT

The rise of household debt in Malaysia has at the peak level, since it has almost reached 89.1% of total GDP. The previous had well discussed on the negative consequence of higher household debt. Thus, this study is conducted in order to determine the contributing factors of household debt in Malaysia. This study use macroeconomic variable which is Interest Rate (BLR), Disposable Income (PDI), and Unemployment Rate and the period of the study is from quarter 2008 until 2015. The result shows that the Interest Rate (BLR) is the most significant variable in determining Household Debt. Its followed by Unemployment Rate (UR) and Disposable Income (PDI). The result from this study might be relevant to the policy makers in formulating several strategies in order to reduce the higher of household debt in Malaysia