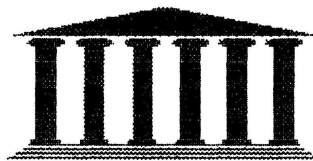


CAPITAL CONTROLS:
A SELECTIVE STUDY ON THE MALAYSIAN
PERSPECTIVE.



PREPARED FOR:

EN. ANNUAR BIN NAWAWI

PREPARED BY:

MUHAMAD RAFANGAI BIN BARDI

98000521

BBA (HONS.) FINANCE.

**A RESEARCH PAPER SUBMITTED TO SCHOOL OF BUSINESS AND
MANAGEMENT IN PARTIAL FULLFILMENT OF BBA (HONS) FINANCE**



**UNIVERSITI TEKNOLOGI MARA
JOHORE BRANCH**

MAY 2000

ABSTRACT

Before we go any further with this topic, it is essential to state that this paper is part of the course requirements to finish up Bachelor in Finance 04. The purpose of this study is to see whether the implement of capital control in Malaysia is effectively or not. This project paper also finding the Malaysian experience with the use of capital controls.

This paper provides a review of the experiences of Malaysia that used capital controls to overcome the currency crises that occurs in 1997-98. Before embarking on this review, general considerations involved in the use of capital controls are briefly summarized, with observations on the types and objectives of capital controls, the problems that arise in evaluating their effectiveness, and the potential costs that may be associated with their use. The paper will shed some light on arguments; on some of the operational issues related to the design of capital controls; and on the relationship between capital controls and prudential policies.

Lastly, this project paper will provide some conclusions as well as some recommendations towards the using of this capital control in Malaysia.

RESEARCH PLAN

This project paper is necessary to meet the requirement of the Finance course. The topic is the “Capital control: A selective study on the Malaysian perspective”. Sufficient text and exhibitions including tables are presented to allow the readers to comprehend the coverage.

CHAPTER ONE: INTRODUCTION

This chapter introduces the topic and provides an overall view of how the research was conducted. It contains the background of the study, objectives and importance of the study, scope of the study and the limitations encountered during the research preparation.

CHAPTER TWO: LITERATURE REVIEW

This explains the topic in greater depth. Some interview has been done to get a clear picture about the capital control and the implementation of capital control in Malaysia. This review will help the reader to understand what the topic is all about.

CHAPTER THREE: CAPITAL CONTROL: A REMEDY

This topic will be explained about the basic understanding of the topic studies. It includes the historical look at the Capital Account Liberalization and the general consideration on the use of capital control which include the objectives of capital control, the effectiveness and potential costs of capital control and the types of capital control.

CHAPTER FOUR: RESEARCH METHODOLOGY

This explains how the sources of the data were obtained, how the research is designed and the methodology used for this research work. The methodology includes the interview, cutting newspaper, annual bank report and pamphlets and brochure from Bank Negara Malaysia.

CHAPTER FIVE: FINDINGS

This chapter provides a clearly finding about the implementation of capital control. This include the background developments before the Impositions of the Outflow Controls 1998-1999, the September 1998 Exchange and Capital Control Measures and the February 1999 Modification of Capital Control: The Exit Levy System.

CHAPTER SIX AND SEVEN: CONCLUSIONS AND RECOMMENDATIONS

This chapter concludes all the results obtained and the recommendations for a government to do better than this. The conclusions made are based on the results obtained in Chapter Five.

This thesis also includes a bibliography of reference that can be used in exploring further topics in this research work.