

**A STUDY ON MACROECONOMIC FACTORS THAT AFFECT HOUSEHOLD
DEBT IN MALAYSIA**

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**Submitted in Partial Fulfillment of the
Requirement for the
Bachelor of Business Administration with Honours (Finance)**

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA

MALACCA CITY CAMPUS

JULY 2018

DECLARATION OF ORIGINAL WORK



**BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE
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I, NORFATIHA BINTI ZULKIFLI, (I/C Number: 950625-08-6262)

Hereby, declare that:

- This work has not previously been accepted in substance for any degree, locally or overseas and is not being concurrently submitted for this degree or any other degrees.
- This project-paper is the result of my independent work and investigation, except where otherwise stated.
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: _____

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LETTER OF TRANSMITTAL

July 2018

Puan Shahreena Daud

Lecturer

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Faculty of Business Management,

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110 Off Jalan Hang Tuah, 75300 Melaka.

Dear Sir / Madam,

SUBMISSION OF FINAL PROJECT PAPER

Attached is the project paper title “**A STUDY ON MACROECONOMIC FACTORS THAT AFFECT HOUSEHOLD DEBT IN MALAYSIA**” to fulfill the requirement needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank You,

Sincerely,

NORFATIHA BINTI ZULKIFLI

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Bachelor of Business Administration (Hons.) Finance

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ABSTRACT

The rise of household debt in Malaysia has caused consternation since it has almost reached 88.4% of total GDP at the end of 2016. The level of household debt is deemed to be at worrying stage as it may trigger another financial crisis. The purpose of this study is to examine the macroeconomics factors influencing household debt in Malaysia via time series data. This study employs the Ordinary Least Square (OLS) method and the macroeconomic variables used consist of gross domestic product (GDP), interest rate and house price. The data for all variables are taken from the period of quarter one 2008 to quarter four 2017 via Data Stream. The results display that the gross domestic product (GDP) and house price show a positive significant relationship to household debt in Malaysia. Meanwhile, interest rate is found to have negative significant relationship on the rise of household debt.