



**THE DETERMINANTS OF NON-PERFORMING LOAN IN FOUR
SELECTED ASEAN COUNTRIES**

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**BACHELOR OF BUSINESS ADMINISTRATION WITH HONOURS
(FINANCE)**

FACULTY OF BUSINESS

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**Submitted in Partial Fulfillment of the
Requirement for the
BACHELOR OF BUSINESS ADMINISTRATION WITH HONOURS
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**FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
MALACCA CITY CAMPUS**

JANUARY 2019

DECLARATION OF ORIGINAL WORK



**BACHELOR OF BUSINESS ADMINISTRATION
WITH HONOURS (FINANCE)
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
MELAKA CITY CAMPUS**

I, Muhammad Fadhil Bin Abdul Rahman, (I/C Number: 940302-08-6509)

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: _____

Date: _____

LETTER OF SUBMISSION

DECEMBER 2018

Madam Nor Aizan Binti Mohamed
Bachelor of Business Administration With Honours
(Finance) Faculty of Business Management
Universiti Teknologi MARA, Malacca City
Campus, 110 Off Jalan Hang Tuah, 75300
Melaka.

Dear Sir/Madam,

SUBMISSION OF FINAL PROJECT PAPER

Attached is the project paper titled **“THE DETERMINANTS OF NON-PERFORMING LOAN IN FOUR SELECTED ASEAN COUNTRIES”** to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you,

Yours sincerely,

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ABSTRACT

The purpose of this study is to determine the relationship between Non-performing loan with macroeconomics variable from 2008 to 2017 quarterly. Four selected Asean countries are Malaysia, Indonesia, Thailand and Vietnam. The Panel Regression of Fixed Effect Model is used as an empirical model in this study to investigate the relationship between Interest Rate (IR), Inflation Rate (IFR) and Unemployment Rate (UR) with Non-performing Loan. There are some tests involved in the study, which includes Descriptive Statistic, Unit Root Tests, Regression Analysis and Diagnostic Test. In unit root tests, the study used Levin, Lin, Chin (LLC) Test and Im, Pesaran, Shin (IPS) Test. Moreover, diagnostic tests consist of Normality Test, Multicollinearity Test and Autocorrelation Test. The results show that interest rate, inflation rate and unemployment rate are negative significant with Non-Performing Loan.

Keywords: Non-Performing Loan, Interest Rate, Inflation Rate and Unemployment Rate