



FINAL REPORT

**HOUSEHOLD DEBT: IMPACT OF
MORTGAGE FINANCING
TOWARDS BANKING INSTITUTIONS
IN MALAYSIA**

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**BACHELOR OF BUSINESS ADMINISTRATION
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FACULTY OF BUSINESS MANAGEMENT
UNIVERSITY TECHNOLOGY MARA
MALACCA CITY CAMPUS**

APRIL 2011

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MORTGAGE FINANCING TOWARDS
BANKING INSTITUTIONS IN MALAYSIA**

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

**FACULTY OF BUSINESS MANAGEMENT
UiTM, MALACCA CITY CAMPUS**

APRIL 2011

DECLARATION OF ORIGINAL WORK



**BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
MALACCA CITY CAMPUS**

“DECLARATION OF ORIGINAL WORK”

I, JURIAH BINTI JAMALLUDIN, (I/C Number : 721128-10-6200/ Student ID: 2009601408)

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 has been distinguished by quotation marks and sources of my information have been specifically acknowledge.

Signature: _____

Date: _____

LETTER OF SUBMISSION

29th April 2011

The Head of Program
Bachelor of Business Administration (Hons) Finance
Faculty of Business Management
University Technology MARA
Malacca City Campus
72400 Bandaraya Melaka
Melaka

Dear Madam,

SUBMISSION OF PROJECT PAPER (FIN 650)

Attached is the project paper title "Household Debt: Impact of Mortgage Financing Towards Banking Institutions in Malaysia" to fulfill the requirement as needed by the Faculty of Business Management, University Technology MARA.

Thank you.

Yours sincerely

JURIAH BINTI JAMALLUDIN
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ABSTRACT

Analyst and statistical data reported a rapid growth in household debt since the 1997 Asian financial crisis. This upward trend scenario is worrying if its left unchecked will develop a household credit bubble in the banking industry. On the other hand, there is lack of study exploring the relationship between loan growth and economic indicators. Therefore, this study tries to extend the body of knowledge by analyzing the status of Malaysian household debt in general and mortgage financing in details by using four selected economic indicators namely, Malaysia House Price Indicator (MHPI), Base Lending Rates (BLR), Gross National Income Per Capita (GNI/C) and Non-Performing Loan (NPL). The linear regression model on single and multiple relationship was applied towards the quarterly time series and cross sectional data for period of 11 years start from 1st Quarter of 2000 to 4th Quarter of 2010. The results on single relationship show that there is a relationship between independent and dependent variable while, the result on multiple relationship shows that dependent variable is affected by only 3 independent variable namely, MHPI, BLR and GNI/C. Eventually, the result from this study will create awareness to the government, regulators, investors, banking industry and even the household itself to look closely into this issue.