



DETERMINANT OF MALAYSIA'S HOUSEHOLD DEBT BY USING  
MACROECONOMICS VARIABLES

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JULY 2016

DECLARATION OF ORIGINAL WORK



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I, JASMIN BINTI ARCHAD (931031-14-5778 )

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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 paper is a 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.

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**LETTER OF SUBMISSION**

JULY 2016

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Dear Madam,

**SUBMISSION OF PROJECT PAPER**

Attached is an original copy of research paper entitled "**DETERMINANT OF MALAYSIA'S HOUSEHOLD DEBT BY USING MACROECONOMICS VARIABLES**" for your kind personal and evaluation, to fulfill the requirement as needed by the faculty.

Thank you

Your sincerely,

.....

**JASMIN BINTI ARCHAD**

2014673526

Bachelor of Business Administration (Hons) Finance

## TABLE OF CONTENTS

	Page
TITLE PAGE	i
DECLARATION OF ORIGINAL WORK	ii
LETTER OF SUBMISSION	iii- iv
ACKNOWLEDGEMENT	v
TABLE OF CONTENTS	vi- viii
LIST OF TABLES	ix- x
LIST OF FIGURE	xi
LIST OF ABBREVIATIONS	xii
ABSTRACT	xiii
<b>CHAPTER 1 INTRODUCTION</b>	
1.0 Introduction	1-2
1.1 Background of Study	2-6
1.2 Problem Statement	7-8
1.3 Research Questions	9
1.4 Research Objectives	10
1.5 Significance of Study	11-12
1.6 Scope of Study	12
1.7 Limitations of Study	13
1.8 Definition of Terms	14-16
1.9 Summary	16
<b>CHAPTER 2 LITERATURE REVIEW</b>	
2.0 Introduction	17
2.1 Household Debt	18-19
2.2 Gross Domestic Product	19-21
2.3 Interest Rate	21-22
2.4 Consumer Price Index	22-24
2.5 House Price Index	24-25

## ABSTRACT

This study is conducted to determine the relationship between macroeconomics variables which are Gross Domestic Product (GDP), Interest Rate (IR), Consumer Price Index (CPI), House Price Index (HPI), Income (INC) and Consumption (CONS) towards the Household Debt (HHD) in Malaysia. The variable used to measure the Household Debt is the total of secured and unsecured debt by the household. The quarterly data of dependent and independent variables was collected started from Q1 2006 until Q4 2015 from Thomson One DataStream, EIU Country Data and BNM Statistical Data. The results further our understanding regarding on the relationship between macroeconomics variables towards the Household Debt in Malaysia. In Single Linear Regression Model (SLR) and Multiple Linear Regression (MLR), the study found that Gross Domestic Product (GDP) and Consumption (CONS) have significant negative relationship towards Household Debt (HHD). On the other hand, Interest Rate (IR), Consumer Price Index (CPI), House Price Index (HPI) and Income (INC) shows insignificant relationship with Household Debt (HHD).

**Key Words:** *Household Debt (HHD), Gross Domestic Product (GDP), Interest Rate (IR), Consumer Price Index (CPI), House Price Index (HPI), Income (INC), Consumption (CONS).*