

UNIVERSITI TEKNOLOGI MARA

**FINANCIAL DEVELOPMENT
AND
POVERTY REDUCTION**

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Final Year Project Paper submitted in fulfillment
of the requirements for the degree of
**Bachelor of Business Administration
(Islamic Banking)**


Faculty of Business and Management

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AUTHOR'S DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA (UiTM). The work is original and the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has also not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Post Graduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

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ABSTRACT

Financial development and poverty reduction is a continuous topic that will be discuss from past two decades until now. Recent studies were showed that financial development able to reduce the poverty. Unfortunately, it depends on the indicator that will use as represent the financial development. The aim of this study is to investigate the relationship between financial development and poverty reduction in Malaysia. This study will look whether financial development will affect the poverty reduction and vice versa. The dependent variable in this study is poverty reduction that will measure by life expectancy. Then, for the independent variable that represents financial development are stock market valuation, private credit, trade openness and foreign direct investment (FDI). This paper implement by using a time series data which is from 2004 to 2016. The methodology use is multiple regression models represented by ordinary least square (OLS). The result indicates that financial development alleviates poverty by trade openness which one of benefit is offering a job. It can reduce the unemployment rate and the main point, is able to reduce the poverty rate. While other variables show a negative significant effect towards poverty reduction. From this research, it will help our countries and the world institution like United Nation (UN) hope targeting to alleviate poverty and also can be the role model to other Asian countries.

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