

UNIVERSITI TEKNOLOGI MARA

**DETERMINANTS OF NON-PERFORMING LOAN
IN MALAYSIA BANKS**

**NUR AISHAH BINTI ZURAIMI
2016629708**

Final Year Project Paper submitted in fulfillment
of the requirements for the degree of
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AUTHOR'S DECLARATION

I declare that the work in this final year project paper was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has 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 Undergraduate, Universiti Teknologi MARA, regulating the conduct of my study and research.


Name of Student : Nur Aishah Binti Zuraimi

Student I.D. No. : 2016629708

Programme : Bachelor of Business and Administration (Hons)
Finance.

Faculty : Business and Management

Thesis : Determinants of Non-Performing Loan in Malaysia
Banks

Signature of Student : 

Date : December 2018

ABSTRACT

This research is about non-performing loan in Public, Alliance, Hong Leong, and Maybank Banks and used panel data and pool regressions for the period 2002 until 2016. It is important to identify the problem that may leads to non-performing loan because it will affect the ability to perform in development of the economy. The independent variables used are the interest rates, liabilities, lending and borrowing and gross domestic product (GDP). This study was limited to four variables as the causes of non-performing loan in Malaysia Banks. Two banks are selected for data collection and whole data was used is secondary data. The interpretation of these results as concerns to the causes of non-performing loans should be restricted to variables under study. The study only covered commercial banks in Malaysia and did not consider other financial institutions across the study countries so as to provide a more broad based analysis. Few studies have been done on causes and management of non-performing loan in Malaysia.

Keywords: Non-Performing Loans (NPL), Interest Rates, Lending and Borrowing, Gross Domestic Product (GDP).

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TABLE OF CONTENTS

	Page
AUTHOR'S DECLARATION	ii
ABSTRACT	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENT	vi
LIST OF TABLES	vii
LIST OF FIGURES	viii
LIST OF SYMBOLS	ix
LIST OF ABBREVIATIONS	x
CHAPTER ONE INTRODUCTION	1
1.1 Introduction	1
1.2 Research Background	1
1.3 Problem Statement	7
1.4 Research Questions	8
1.5 Research Objectives	8
1.6 Significance of the Study	9
1.7 Scope of the Study	9
1.8 Limitation of the Study	10
1.9 Definition of Key Terms	11
1.10 Summary	12
CHAPTER TWO LITERATURE REVIEW	13
2.1 Introduction	13
2.2 Literature Review on Topic	14
2.3 Literature Review on Interest Rate	14
2.4 Literature Review on Liabilities	14
2.5 Literature Review on Lending and Borrowing Rate	15
2.6 Literature Review on Gross Domestic Product (GDP)	16
2.7 Research Framework	17