



**“DETERMINANTS OF NATIONAL SAVINGS IN
MALAYSIA ECONOMY”**

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LETTER OF TRANSMITTAL

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The Head of Program
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Dear Sir/Madam,

SUBMISSION OF ECONOMIC BUSINESS PROJECT PAPER (ECO672)

Attached is the paper entitled “**DETERMINANTS OF NATIONAL SAVINGS IN MALAYSIA ECONOMY**” to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA (UiTM), Kampus Kota Bharu.

Thank you.

Yours Sincerely,



(NURUL SYAKIRA BINTI ABDUL RASID)

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ABSTRACT

This study is an attempt to explore the impact of various factors on national savings of Malaysia including Gross Domestic Product (GDP), inflation, deposit interest rate and government expenditure. The study was prompted by the World Bank data that showed a gloomy record or data about the national savings of the country. The study is based on secondary data of the 1974 - 2013 periods. All variables used are found significant except the one variable (inflation). A variety of statistical techniques such as multiple regression, T- test, F-test, correlation analysis and coefficient of determination were used to analyze the data collected. The model is going through a transformation of Log_{10} . Result of the study concluded Gross Domestic Product (GDP), deposit interest rate and government expenditure play significant role in determining the national savings of Malaysia and coefficient analysis showed that GDP and inflation give positive impact in increasing national savings while deposit interest rate and government expenditure possessing negative relation with national savings of the country. The coefficient results of the study show that (except deposit interest rate) all variables are consistent with the theory.

Keywords: national savings, Gross Domestic Product (GDP), inflation, deposit interest rate, government expenditure.