



**THE IMPACT OF FINANCIAL DEVELOPMENT TOWARDS  
POVERTY**

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## **ABSTRACT**

Poverty can be defined as a lack of resources to obtain a comfortable life. It also states that insufficient cost of living in terms of community activities, facilities and conditions that can fulfill their needs (Dekkers, 2008). Also, (Ragayah Haji Mat Zin, 2004) stated that a person or household is considered poor if his or her income falls below poverty line. In short, poverty can be defined as a group of poorness and cannot afford their basic needs such as food and beverage, place of living, health care, facilities, clothes and cost of living. The objective of this study is to examine the impact of financial development that affecting poverty in Malaysia. This study use multiple regressions and data that can be used to measure poverty is based on annual time-series data observation from year 1982 until 2011. From this study, the expected result is to reduce poverty by neutralizing inequality and enhancing development of the country parallel with the government income from year to year. Moreover, this study would be essential effort to investigate whether there is a significant relationship between poverty and financial development in terms of inflation, unemployment, household income, salaries and wages, savings, and consumption. This research discussed about the overall result where researcher have found that inflation and saving has significant relationship while other independent variables such as unemployment rate, wages and salaries and household income has no relationship towards poverty. It means that inflation and saving were the factors that affecting poverty in Malaysia. Furthermore, the F-test which is 19.03595 shows that there has strong relationship between the independent variables and dependent variable

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