



**THE IMPACT OF MACROECONOMICS ON NON-
PERFORMING LOAN: COMPARISON OF
MALAYSIA AND INDONESIA COMMERCIAL
BANKS**

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AUTHOR'S DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of University Technology 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 Post Graduate, University Technology MARA, regulating the conduct of my study and research.

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ABSTRACT

This thesis examine the relationship between macroeconomics variables towards Non-Performing Loan (NPL) among commercial banks in Malaysia and Indonesia and compare the impact of macroeconomics factors on Non-Performing Loan (NPL) for Malaysia and Indonesia commercial banks. The model was assessed on a panel data by using STATA Analysis for two countries (Malaysia and Indonesia) with ten selected commercial banks for 2011 until 2017. Even supposing the literature review in non-performing loan is relatively in general, the first empirical research that be analysed on that two country's commercial banks by using the regression analysis. The results suggest in this thesis that only the Consumer Price Index (CPI) had significant impact to Non-Performing Loan (NPL) in Malaysia commercial banks while the other macroeconomics (GDP, RINR and REER) had insignificant impact. Therefore, there is no significant impact of all macroeconomics (GDP, RINR, REER and CPI) to Non-Performing Loan (NPL) in Indonesia commercial banks.