



**UNIVERSITI TEKNOLOGI MARA**

**EFFECT OF THE MALAYSIAN  
CAPITAL MARKET  
DEVELOPMENT ON THE  
ECONOMIC GROWTH**

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Thesis submitted in fulfillment  
of the requirements for the degree of  
**Bachelor of Business Administration  
(Investment Management)**

**Faculty of Business Management**

**December 2017**

## AUTHOR'S DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA Johor, Branch Segamat, Johor. 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 Johor, Branch Segamat, Johor regulating the conduct of my study and research.

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## LETTER OF SUBMISSION

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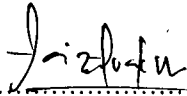
Dear Madam,

### SUBMISSION OF PROJECT PAPER

Attached is the project paper titled "Effect of the Malaysian Capital Market Development on the Economic Growth" to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.

Yours sincerely,



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## ABSTRACT

This study analyses the factor of financial market development that influence of economic growth with specific proxy on the Malaysian economy. Financial market can be divided by two categorized which is capital market and banking development. These researches only focus on the capital market development towards the economic growth in Malaysia. Capital market has been identified as an institution that contributes to the socio economic growth. By using the multiple linear regression which is OLS model the annually time series data over the period from 1981 until 2015. The data collected from World Data Bank is for sample and data analysis to ensure that the basic assumptions of regression analysis were verified. This study assess for investigate the relationship between the gross domestic product (GDP) as the dependent variable by economic growth in the modal and capital market development which is market capitalization (proxy as stock market) of listed domestic companies in Bursa Malaysia (MKT), foreign direct investment (FDI), gross capital formation (GFI), stock traded total value (STV) and inflation (INF). The findings indicate that economic growth is positively significant with MKT, FDI and STV. While, for GFI have negatively significant with GDP. Even though, there are only INF has negatively insignificant towards GDP. In this study we examined the relationship of gross domestic product on the capital market development because they tend to be associated with economic. This research will be discussing within each chapter which is to solve the problem statement, achieve the research objective(s) and answer the research question(s) of this study.

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