



**UNIVERSITI TEKNOLOGI MARA**

**THE DETERMINANTS OF PERSONAL  
SAVING IN COMPARISON OF  
MALAYSIA AND TAIWAN**

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Thesis submitted in fulfillment  
Of the requirement for the degree of  
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## AUTHOR'S DECLARATION

I declare that the work in this 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 Universiti Teknologi MARA, regulating the conduct of my study and of my research.

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## **ABSTRACT**

The role of personal savings play in the development of any economy cannot be underestimated. Unfortunately, personal saving which forms the fundamental of national saving in Malaysia has been particularly low compared to developed country, Taiwan. The purpose of this paper is to study the factors that determine personal saving in comparison of Malaysia and Taiwan. A time series data from 120 observations was collected from 2007 to 2016 and analysed using ordinary least square (OLS) method. The result of the study showed a significant positive relationship between personal saving and individual income; personal saving and income tax; personal saving and personal loan. A statistically significant negative relationship was also found between personal saving and interest rate; personal saving and individual income; personal saving and personal loan. It was concluded that indeed the personal saving level is low in Malaysia compared to Taiwan. Besides, it attributes to low income level, low financial literacy and high levels of indebtedness. Consequently, the study recommended that banks should continue to screen, and offer technical advice to loan applicants to help reduce high indebtedness in Malaysia. It was also recommended that the government should put some knowledge about personal saving in education system as an alternative. The study further recommended that the Central Bank of Malaysia and Taiwan should monitor bank and loan companies reduce the high borrowing rate to reduce individual interest expenses.

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