UNIVERSITI TEKNOLOGI MARA

THE IMPACT OF MONETARY POLICY ON ECONOMIC GROWTH IN MALAYSIA

NURUL IZZATI BINTI ISMAIL
2015418382

Final Year Project Paper submitted in fulfillment
of the requirements for the degree of
Bachelor of Business Administration
(Finance)

Faculty of Business and Management

June 2018

AUTHOR'S DECLARATION

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

Name of Student	:	Nurul Izzati Binti Ismail
Student I.D. No.	:	2015418382
Programme	:	Bachelor of Business and Administration (Hons) Finance.
Faculty	:	Business and Management
Thesis	:	The Impact of Monetary Policy on Economic Growth in Malaysia
Signature of Student	:	....
Date	:	June 2018

ABSTRACT

This research investigates the impact of monetary policy on economic growth in Malaysia. The monetary policy plays an act role in a country's economic growth if it is implemented effectively to maintain price stability and to keep inflation rate at minimum level. Such goals are achieved through a process by which monetary authority of a country controls the supply of money, availability of money, and cost of money or interest rate. Monetary policy depends on the relationship between interest rate in an economy and the total money supply. Monetary authority uses variety of tools to control one or both variables to influence outcomes, such as economic growth, inflation, exchange rate with other countries and unemployment. There is an enormous effect of monetary policy on economic growth of the country. The variables that used are gross domestic product (GDP) per capita, interest rate, inflation rate, money supply and real exchange rate. In this regard variables have been studied to prove the hypothesis. The data for the study was on time series covering economic indicators. This research focused on secondary type of data. The study covered a period between 1988 to 2016 has been used for driving the result. To determine the relationship between two variables, regression analysis and times series method will be using to conduct the research. The study proves that money supply and real exchange rate affect the GDP per capita.

TABLE OF CONTENT

LIST OF TABLES