UNIVERSITI TEKNOLOGI MARA

FACTORS AFFECTING CONSUMER EXPENDITURE IN MALAYSIA

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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 result 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 research.

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ABSTRACT

Consumer spending or private consumption is one of the keys driven to Malaysia's economic growth because it accounts for the biggest share of domestic demand[1]. However, with the rising of household debt, consumer spending is in a way of concern as the high household debt indicates that access to credit will be tighter than before. This means if the consumer spending too much until their debt increase, there is a possibility that the access to credit become limited. The purpose of the current study is to investigate the relationship between government income tax rate, consumer price index (CPI), and the interest rate on consumer expenditure. The data are collected from various sources, mainly from Thomson Reuters DataStream from the year 1986 until 2016 with annual data. Multiple regression method is used in this study. Based on the result of the test, it shows that level of government tax and consumer price index have a significant relationship with the consumer expenditure.

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[1] Extracted from The Sun Daily article dated 13th July 2016: http://www.thesundaily.my/news/1895114

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