THE FACTORS THAT INFLUENCE HOUSE LOAN PRICING IN MAYBANK

FADILAH BINTI JAZIM @ ABD GHANI

2014282864

BACHELOR OF BUSINESS ADMINISTRATION

(HONS) FINANCE

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA

JOHOR

JUNE 2016

ACKNOWLEDGEMENT

In the name of Allah, praise to Allah, The Lord of the universe, without His blessing, this project paper would never be completed. Peace and blessing of Allah be upon His messenger, Prophet Muhammad p.b.u.h.

First and foremost, I would like to express the deepest appreciation to my advisor Madam Nor' Azurah Kamdari for her unfailing guide and support to conduct research and prepare a full project paper and her patient of assisting me throughout the writing of this project paper. I also would to express my gratitude to the other lecturers who also give me a lot of advices and ideas.

In addition, a million thanks to my family who are never stop supporting me and encourage me to do this project paper. Last but not least, I would like to thank to all my classmates and friends for helping me to survive all the stress and not letting me give up.

TABLE OF CONTENTS

ACKNOWLEDGE.....i

TABLE OF CONTENTS.....ii

LIST OF TABLES.....v

LIST OF DIAGRAM.....vi

ABSTRACT.....vii

CHAPTER 1.....1

INTRODUCTION.....1

1.1 BACKGROUND OF STUDY.....1

1.2 PROBLEM STATEMENT.....4

1.3 RESEARCH OBJECTIVE.....5

1.4 RESEARCH QUESTION.....5

1.5 SIGNIFICANCE OF STUDY.....5

1.6 SCOPE OF STUDY.....6

1.7 SUMMARY.....7

CHAPTER 2.....8

LITERATURE REVIEW.....8

2.1 INTRODUCTION.....8

2.2 NET INTEREST MARGIN ((NIM).....8

2.3 CAPITAL ADEQUACY RATIO (CAR).....9

2.4 LOAN TO DEPOSIT RATIO (LTD).....10

2.5 LOAN LOSS PROVISION.....11

2.6 BASE LENDING RATE (BLR).....12

2.7 CONSUMER PRICE INDEX (CPI).....13

2.8 SUMMARY.....16

CHAPTER 3.....17
RESEARCH METHDOLOGY.....17
3.1 INTRODUCTION.....17
3.2 SAMPLE AND DATA.....17
3.2.1 POPULATION AND SAMPLE.....17
3.2.2 DATA COLLECTION.....18
3.2.3 VARIABLES.....19
3.3 RESEARCH FRAMEWORK.....20
3.4 STATISTIC METHOD.....21
3.4.1 DESCRIPTIVE ANALYSIS.....21
3.4.2 HYPOTHESIS.....21
3.4.3 STATIONARY TEST.....22
3.4.4 NORMALITY TEST.....23
3.4.5 CORRELATION ANALYSIS.....23
3.4.6 REGERSSION ANALYSIS.....24
3.4.6.1 TEST ON ASSUMPTION.....25
3.4.6.1.1 T-TEST.....25
3.4.6.1.2 P-VALUE.....25
3.4.6.1.3 F-TEST.....25
3.4.6.1.4 ADJUSTED R^2.....26
3.4.6.1.5 NORMALITY TEST.....26
3.4.6.1.6 AUTOCORRELATION.....27
3.4.6.1.7 HETEROSKADASTICITY.....27
3.4.7 MULTICOLLINEARITY.....28
3.5 SUMMARY.....28

CHAPTER 4.....29
FINDINGS AND DISCUSSION.....29
4.1 INTRODUCTION.....29

ABSTRACT

Nowadays, the demand for house is huge as the population in Malaysia is continuing to increase every year. The demand for all sort of houses come from all income group of people. In addition, buying a house is one of long term investment that people aware the most. Therefore, financial institutions in Malaysia have been creating long term house loan plan to attract homebuyers. Moreover, people may have two choices either making loan from conventional bank or Islamic bank. The purpose of this study is to investigate the factors that influence house loan pricing that determine by the Malayan Banking Berhad or Maybank. In order to achieve the objective this study is conducted by using a time series data during the period of 2005 until 2015 and the method used is Ordinary Least Square (OLS).