



THE NON-PERFORMING LOANS AND MACROECONOMIC INDICATORS IN ASIA
REGION

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TABLE OF CONTENTS	PAGES
DECLARATION OF ORIGINAL WORK.....	i
LETTER OF SUBMISION.....	ii
ACKNOWLEDGEMENT.....	iii
TABLE OF CONTENTS.....	iv-v
LIST OF TABLES.....	vi
ABSTRACT.....	vii
CHAPTER ONE	
1.0 Introduction.....	1-2
1.1 Background	2-4
1.2 Problem Statement.....	4-5
1.3 Research Objectives.....	5
1.4 Scope of Study.....	6
1.5 Significance of Study.....	6
1.6 Limitation of Study.....	7
CHAPTER TWO	
2.0 Literature Review	
2.1 Dependent Variable.....	8-9
2.2 Independent Variables.....	10-17
CHAPTER THREE	
3.0 Research Methodology.....	18
3.1 Introduction.....	18
3.2 Theoretical Framework.....	18
3.3 Hypothesis.....	19-20
3.4 Method data collection.....	20
3.5 Data Analysis.....	20
3.6 Descriptive Statistical Analysis.....	21
3.7 correlation.....	21

3.8 Pooled ordinary least square	21-22
3.9 Panel Data Approach	22
3.9.1 Random Effect Generalized Least Square	22
3.9.2 Breusch and Pagan Multiplier.....	23
3.9.3 Hausman Fixed Test.....	23

CHAPTER FOUR

4.0 Introduction.....	24
4.1 Descriptive Statistic.....	25
4.2 Correlation of Coefficient Analysis.....	26
4.3 Pooled Ordinary Least Square (Pols).....	27-29
4.4 Vif.....	30
4.5 Breush and Pagan Lagrangian Multiplier Test For Random Effects.....	31
4.6 Random Effect Gls Regression (Hausman Fixed Test).....	32-34
4.7 Hausman Fixed Test.....	35
4.8 Fixed Effect Model.....	36-38
4.9 Result Summary.....	39

CHAPTER FIVE

5.0 Conclusion.....	40
5.1 Recommendation.....	41

REFERENCES.....	42-44
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APPENDICES.....	45-50
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ABSTRACT

This paper investigates the impact of the non-performing loans and macroeconomic indicators in Asia's Region. The objectives of this research is to investigate the relationship between macroeconomic indicators with non-performing loans interest rate, inflation, unemployment, and gross domestic product. Another objective is to indicate the most significant relationship between the non-performing loans with interest rate, inflation, unemployment, and gross domestic product. A research framework and hypothesis are developed and tested using linear regression analysis. This study used panel data methods which involves the dependent variable; non-performing loans (NPL), while the independent variables; gross domestic product (GDP), inflation rate (INF), lending interest rate (IR), and unemployment rate (UE). All the data provided are gathered starting yearly 1998 until 2014 which is 18 years and focus on 14 countries out of 38 countries. The data provided are gathered from the sources of World Bank Data Base and Global Economic.com. The result of this research is accepted the fixed effect model which estimate three significant relationship between the variables used. Moreover, the result of non-performing loans with unemployment rate and lending interest rate indicate the positive relationship between the variable but only the lending interest rate is significant value at level 1% whereas unemployment rate is insignificant value. Meanwhile, for another variables which GDP and inflation rate estimate the negative relationship with the non-performing loans. Then, both of the variables show significant value result which are GDP and inflation rate is significant level at 1% and 10% respectively. That means, this research study is achieve the objectives.