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UNIVERSITI  
TEKNOLOGI  
MARA

# ASNBN

Amanah Saham Nasional Berhad

A PNB Unit Trust Company

## AMANAH SAHAM NASIONAL BERHAD KANGAR

### INDUSTRIAL TRAINING REPORT

1 MARCH 2023 - 15 AUGUST 2023

**PREPARED BY**  
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**2020818858**  
**BA242**



## **EXECUTIVE SUMMARY**

This report is about my internship program with Amanah Saham Nasional Berhad (ASNB) Kangar. I have addressed every key component of the investing company that I observed and perceived during my internship program in this exhaustive report. During my industrial training, I mostly worked in the Branch Management & Supervision Department, which was responsible for assisting the branch in meeting the needs of the unit holders. However, the job scope is varied and I did learn to manage and process most of the major services that ASNB offered.

As the fundamental purpose of an internship is to learn by working in a practical environment and applying the knowledge learned during studies in a real-world scenario to solve problems using the knowledge and skills gained during the academic process. The purpose is to use the material provided by the company to learn and gain experience in the ASNB working environment.

This internship report covers a wide range of important subjects, the vast majority of which are related to the company's operations and finances. All of the policies, processes, practices, and procedures that I went through and learned during my internship program are included at the end of the learning and experience section. This research also examines The Determinants of Saving Behaviors in Malaysia.

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## COMPANY PROFILE



Permodalan Nasional Berhad (PNB) was created on March 17, 1978, as part of the nation's New Economic Policy (NEP). ASNB's headquarters are located at PNB, one of Malaysia's largest money management organisations. Permodalan Nasional Berhad is a company located on Jalan Tun Razak in Kuala Lumpur. Over the previous four decades, PNB has evolved to become Malaysia's largest investment management firm. PNB is committed to improving the lives of Bumiputera and other Malaysians for the good of the country.

Permodalan Nasional Berhad (PNB), one of Malaysia's largest fund management firms, has RM322.6 billion in assets under management (AUM) as of December 31, 2020. Fixed income, international stocks, private investments, real estate, and strategic investments in Malaysia's top enterprises comprise PNB's portfolio. The primary responsibility of PNB as an investment institution for the Bumiputra Investment Foundation (YPB) is to examine, select, and purchase a portfolio of quality stocks in constrained businesses with space for growth. PNB acts as a sort of storehouse for the limited corporations' stock ownership, which is transferred into trust funds before being sold to unit holders in the form of smaller units.

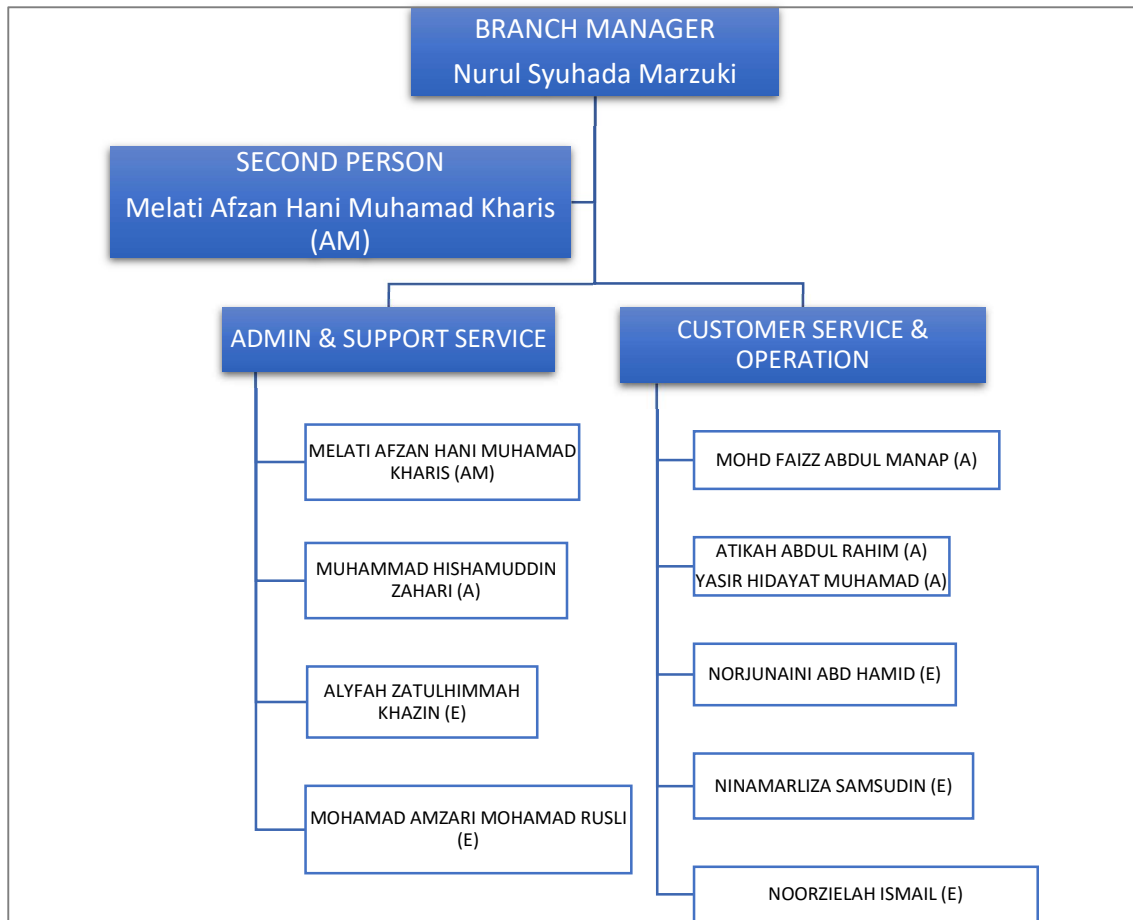
On 22 May 1979, Amanah Saham Nasional Berhad (ASNB) was created as Permodalan Nasional Berhad's sole subsidiary. (PNB). PNB currently has 33 ASNB branch offices around Malaysia. It also has over 2,700 branches around the country. Maybank, Hong Leong, CIMB, RHB, Affin, Pos Malaysia, and other financial institutions are examples.

After many years, Amanah Saham Nasional Berhad (ASNB) has played a key role in changing the thinking of Malaysians, particularly the Bumiputera community, in terms of savings, investment, and financial planning, as well as the way they see the returns and dangers of investments. Malaysians also overwhelmingly supported unit trust funds, which have demonstrated their ability to manage and boost the efforts of over 11.6 million current account holders from diverse walks of life.

## LOCATION

<b>NAME</b>	Amanah Saham Nasional Berhad Kangar
<b>ADDRESS</b>	Lot 7, Jalan Indera Kayangan, 01000 Kangar, Perlis
<b>BRANCH MANAGER</b>	Puan Nurul Syuhada binti Marzuki
<b>EMAIL</b>	asnbcare@pnb.com.my
<b>OFFICE HOUR</b>	8:15a.m – 4: 00p.m (Monday – Friday)

## ORGANIZATIONAL STRUCTURE





## **Vision, Mission and Objectives**

### **Vision**

Being a Distinctive World-Class Investment House

### **Mission**

To strengthen the Bumiputera community's and other Malaysians' economic prosperity and for the sake of country.

### **Objective**

- To raise public awareness of the significance of financial planning.
- To raise awareness and give a complete technique for managing and creating a financial roadmap to assist in the achievement of short, medium, and long-term financial goals.
- Continual public education on the necessity of financial planning for retirement and children's educational needs.
- Making financial planning a way of life and assisting in maintaining a comfortable living during retirement.
- To assist people in achieving peace of mind, financial freedom, and prosperous life.
- Through SP360 seminar events, introduce ASNB unit trust as a competitive investment tool as the foundation for financial planning.

## Product and services

### Product



### Fixed Price Funds



### Variable Price Fund

### Services

- Registration
- Subscription
- Redemption
- Transfer & Switching
- Estate Claim
- Application of Detailed Statement ASNB
- Wakaf
- Estate Planning Instruments and Hibah Amanah
- Trust Declaration Auto Labur

## **Training reflections**

- **Duration**

**Timeline Date** : 01 March 2023- 15 August 2023

**Working Day** : Monday to Friday

**Working Hours** : 8 a.m. to 5 p.m.

## **Roles, Responsibilities, Assignment and Task**

**Information Counter** - I routinely assist unit owners at the customer service counter in completing the paperwork necessary to make deposits, make withdrawals, and start new accounts. We will discuss the benefits of Auto Labur and convince unit holders to apply in order to promote Auto Labur and assist them in creating a myAsnb online account. I also help unit owners use kiosk machines to update their personal information, create new registrations, check balances and sign up for My Asnb accounts.

**Hibah Amanah & Pengisytiharaan Amanah** - I researched the products and services that ASNB provides, particularly Hibah Amanah and Pengisytiharan Amanah. A candidate is welcome to query me on the specifics of the services. We must input the data required on their registration form into the system when the payment has been paid. Following that, the candidate must take the oath in front of the oath commissioner. Once the form is complete, we can proceed with the paperwork, stamping, scanning, paying the court, and mailing the agreement to the applicant's designated address.

**Filing documents** - The organization's filing system is essential. All of the company's crucial records and information should be safely stored in order to facilitate searching and maybe avoid the loss of these items. Alaris, one of the systems for scanning documents to the headquarters, is how I learned how to make a scanning.

**Help investors and customers use the kiosk machine** - I was stationed there to help investors and customers utilize the kiosk machine. Most of the time, I showed them how to use the kiosk to register for an online account, update their information, and check their balance. In addition, I assisted new investors in opening accounts at Amanah Saham Nasional Berhad.

**Batching** - Interns in the ground floor office are required to batch process all daily transactions that take place in the branch, including redemption, additional investment, account registration, death claims, and charitable help. This work must be done every day. Every Monday, courier Poslaju is tasked with delivering to the headquarters all of the documents that were batch-filed during the previous week.

### 3.3 Gains

- **Allowance** - RM 1,000 Per Month
- **Knowledge** - During my internship, I learned about the Hibah Amanah and Pengisytiharan Amanah processes, from donor registration to claim by a done. learned more about ASNB's unit trust funds, financial planning, investing, and how to make a claim for a deceased person's account. Additionally, I learn how to fill out transaction forms for new account openings, deposits, and withdrawals. Using kiosks to register new users, update personal information, and set up My ASNB accounts is another method I am familiar with.
- **Experience** – I am able to master a wide range of abilities, including how to use software like Alaris, Oracle, System Hub, E-Pusaka, and HAPA. I was able to acquire extensive understanding about trading and successful market funds.
- **Skills** - When I worked with unit holders who needed me to analyses and come up with a solution to an issue, I learned a number of skills, including critical thinking and problem solving. The ability to work as a team and collaborate is the second advantage of employment for ASNB staff members and other practicum students. Finally, I required writing and spoken communication skills because I frequently interacted with and spoke with unit owners of all ethnicities and languages.

**UNIVERSITI TEKNOLOGI MARA**

**THE DETERMINANTS OF  
SAVING BEHAVIORS IN MALAYSIA:  
CASE IN MALAYSIA**

**SITI HAWA BINTI MOHD ZAMRI**

**BBA (H) FINANCE**

**July 2023**

## **CHAPTER 1: INTRODUCTION**

### **1.0 THE DETERMINANTS OF SAVING BEHAVIORS IN MALAYSIA: CASE IN MALAYSIA**

#### **1.1 Background of study**

Saving habits of a nation's population are a significant aspect that influences its growth and development. A high rate of saving in an economy can, in general, contribute to rapid economic growth. Earnings that are earned or acquired but are not immediately spent, leaving them available for future use, are referred to as savings. Savings also serve as a source of household wealth and a safety net in times of adversity, allowing families to limit their consumption. A family that spends more than they earn may not be saving any money Cingano (2014)

Savings are converted into capital formation and investments, which serve as the foundation for faster growth. When a nation doesn't save enough money, it is forced to deal with poor investment rates, slow economic growth, and reduced income per capita as a result. Savings and consumption ideas have historically developed in tandem (Khartit, 2022). The idea evolved from Keynes' absolute income hypothesis in 1936 to Duesenberry's relative income hypothesis in 1949. Friedman (1957) further developed the idea of saving by proposing the permanent income hypothesis, which holds that long-term income expectations determine consumption and saving decisions rather than short-term income fluctuations.

##### **1.1.1 Type of savings**

###### Traditional saving account

People might initially consider conventional savings accounts while considering where to save. These are the categories of savings accounts that are typically available from traditional banks or credit unions. These accounts usually allow people to earn interest on the funds you deposit, despite the fact that their interest rates are frequently lower than those offered by other kinds of savings' products. At a lot of banks and credit unions, people can start a typical savings account with a little minimum deposit.

Traditional savings accounts typically allow up to six penalty-free withdrawals per month (with the exception of withdrawals made at an ATM or in person at a branch). When Regulation D regulations were relaxed in 2020, the six-withdrawal limit was removed, but a financial institution or credit union can still charge they penalties when you exceed the monthly allowance.

### High-yield saving account

Online banks, neobanks, and credit unions frequently have savings accounts that give a higher Annual Percentage Yield (APY) than typical savings accounts. This is one of the best types of savings accounts for maximising the growth of the funds in it.

Online banks commonly provide several sorts of high yield savings accounts to tempt depositors who want to earn a greater interest rate than what is provided at brick-and-mortar banks and credit unions. This kind of savings account might appeal to them in order prefer using online or mobile banking versus visiting a branch to manage the details of the account.

### Money market account

Money market accounts (MMAs) combine the benefits of traditional savings accounts and checking accounts. Physical banks, online banks, and credit unions all provide these accounts. These accounts, which are also known as money market savings accounts, or MMSAs, allow people to receive interest on those savings. Rates are typically greater than what normal savings accounts give and sometimes even match what high-yield savings accounts offer. It might also be able to access the cash using an ATM or debit card, write cheques from the account, or utilize the account to deposit money.

Similar to regular or high-yield savings accounts, banks may still charge if a fee for making withdraw more than six times a month, even if federal Regulation D regulations have been relaxed. Instances that frequently exceed the monthly cap may result in charges or account closure from the institution. At banks and credit unions, consumers might be able to manage the account through online, mobile, phone, or branch banking.

### **1.1.2 Saving behaviour in Malaysia**

Every person, whether they work in the public or private sector, needs to know how to handle their money. This is due to the fact that managing money is more challenging than producing or earning money. Every person has to understand how to handle their finances in terms of investing and saving. Keynesian economics defines saving as the balance remaining after subtracting the cost of spending from the available income. Savings are crucial to our economy because they foster long-term economic growth (Ismail et al., n.d.,) When a person is able to lay aside some of their earnings rather than blowing their budget, they are saving.

Saving also means foregoing some current spending in order to increase one's standard of living in the future. People can get into financial issues like bankruptcy if they don't save money and manage their finances poorly. One of the biggest issues in Malaysia, particularly among government employees, is bankruptcy cases. 22,581 bankruptcy cases were recorded in Malaysia between September 2012 and 2016, a little rise from the previous year. Failure to repay car hire purchase debts is to blame, followed by failure to repay personal and home loans. Lack of financial preparation and understanding regarding financial behaviour is to blame for this issue. They would feel embarrassed and stressed if they don't have any savings and are also in debt.

Comparatively speaking, Malaysia has a considerable number of government employees, with one employee serving 19.37 people (Lo, 2017). The government employees are to blame for the annual rise in government spending. Additionally, government employees contribute to Malaysia's rising debt levels. However, employees of the government should not file for bankruptcy because, as we all know, they are the major contributors to the GDP and to economic growth (Lo, 2017). In addition, when they file for bankruptcy, it will have an impact on their families and careers. Due to the issue, government employees should recognise the value of saving money and adopt saving habits.



## 1.2 Problem Statement

Friedman argues that because households spend a set percentage of their permanent income on consumption, savings grow as temporary income rises. The life cycle income theory, on the other hand, In 1970, Modigliani advocated that people smooth their lifetime consumption by saving throughout their earning years in order to maintain the same level of consumption during their non-earning years. People borrow money early in life and then save it in their middle years to spend in their golden years. This suggests that during their earning years, they have a high marginal propensity to save.

The word 'saving' has numerous meanings and implications. Saving can be defined as anything that is not consumed from disposable income. Saving can alternatively be defined as whatever amount of a person's income that is not spent (Tharanika & Andrew, 2017). Browning and Lusardi (1996) define saving as the remaining income after deducting current spending over a given time period. The success of saving depends on how a person employs his or her saving behaviour. Savings refers to the practise of cutting back on spending or consumption. Saving defined as a behaviour in which a person sets money aside on a daily or monthly basis. (Omar et al., 2019).

Bosworth et al. (1999) show that FDI has a positive influence on domestic savings in their study of a sample of emerging economies. However, according to Weiskopf (1972), FDI substitutes domestic savings and so has a negative impact on domestic savings. Ahmad and Ahmed (2002) demonstrate a long-run negative association between FCI and domestic savings, which supports the substitution hypothesis. As the country's saving rate has declined, many researchers, educators, and policymakers are keen to investigate Malaysians' saving behaviours.

As a result, well-known notions like the life expectancy theory, the earnings hypothesis, and monetary policies would be important sources for this research. According to Nyein (2017), M. Husain, and Faruqee (1998), the most important element in explaining savings rates in Southeast Asian countries is age structure. People work and save more during their free time. When they reach retirement age, their proclivity and ability to allocate wages for savings diminishes. Their consumption is funded by their earlier savings throughout the working time, which diminishes overall savings rates. The reliance old ratio is defined as the age above 65,

which is the retirement age in most nations. According to the baseline model, the growing retired population is the most important factor explaining Japan's household saving rate decline. C.Mark (2017) emphasised Japan's older population's falling saving rate.

Malaysia, a growing nation, likewise has a serious problem with how the general populace behaves financially (Kimiyaqhalam & Yap, 2017). According to Tan, Hoe, and Hung (2011), Malaysians frequently neglect to take care of their own financial concerns. According to research by the Malaysian Financial Planning Council (MFPC), the majority of Malaysians find it challenging to save money because they lack sufficient financial awareness and income (Ng, 2018). According to the "Financial Capability and Utilisation of Financial Advisory Services in Malaysia" research, the findings revealed that 40% of respondents lacked financial planning due to a lack of understanding of personal financial management (Ng, 2018). People may regularly save money, but they may not have adequate financial planning to do it at a rate that is sufficient. Employees don't build many savings strategies, which causes them to reduce their spending when they become unintentionally unemployed (Delafrooz & Paim, 2011). The investigation also revealed that the majority of Malaysians behave in a way that prioritises immediate gratification over making long-term financial planning (Mokhtar, Dass, Sabri & Ho, 2018). In reality, young Malaysians (Jay, 2017) and Malaysians with low financial literacy levels (Selvadurai, Kenayathulla, & Siraj, 2018) lack several personal financial behaviours like saving, investing, and retirement planning. It is crucial to investigate whether a lack of personal savings is a result of poor financial literacy.

In general, the study's authors are worried about the significant variables influencing Malaysian savers' behaviour. The findings show that the foreign direct investment (FDI), Age Dependency ratio and the real of inflation all have a positive impact on determinants of savings behaviour in Malaysia, with the last two having the greatest impact on domestic savings. Following the issues and problems discussed in the previous section, this thesis is therefore aiming to fill the previously explained gaps by providing new empirical evidence on the determinants of savings behaviour in Malaysia from 1990-2022. According to the theory, the dependency ratio's coefficient is negative. In a similar vein, the inflation rate's coefficient is similarly negative.

Thus, this study is undertaken to examine the saving behaviour in Malaysia. Specifically, it aims on the independent variables which is FDI, age dependency ratio and inflation. Using the time series data from 1990 until 2022, researchers attempt to get a meaningful result out of the chosen variables within Malaysia

### **1.3 Research Objective**

#### **1.3.1 General Objectives**

Generally, the purpose of conducting this study is to examine the factor effecting saving behaviours in Malaysia.

#### **1.3.2 Specific objective**

To achieve the aim of this research, the specific objectives of this study are:

1. To determine the best model for factors influencing the determinants of saving behaviour in Malaysia based on evidence variables.
2. To investigate the relationship between the chosen variable which are foreign direct investment (FDI), Per capita GDP growth rate, real of inflation and interest rate in Malaysian savers' behaviour.

#### **1.4 Significance of Study**

Savings objectives are a critical factor in people's saving behaviour, according to earlier research. According to Rha, Montalto, and Hanna (2006), four out of the five saving goals had an impact on the likelihood of saving, although the effects' strength and direction differed depending on the saving goal. Consumers with savings objectives for retirement, precaution, and purchases were more likely to do so than comparable households without equivalent goals. Less likely savers frequently cited the future or their own schooling as goals for their savings.

Saving habits have grown to be a serious issue in Malaysia and can present social and economic difficulties. First, this study uses the 2018 until 2022 time frame to investigate the variables influencing Malaysian savers' conduct. Second, the study's primary focus is on saving, while its secondary and tertiary variables are GDP growth rate, interest rate, foreign direct investment (FDI), and financial literacy.

#### **1.5 Scope and limitations of Study**

This study focuses on the effect of foreign direct investment (FDI), age dependency ratio, and inflation on Malaysian saving habits as a dependent variable. This study makes use of annual data from 1990 through 2022. The data set is restricted to secondary data derived from the World Bank Indicator.

The absence of previous research studies on FDI and saving practises is one of the study's weaknesses. Furthermore, the data for this study is limited to secondary sources and can only be retrieved via the World Bank database and eikon. Inadequate data for some of the materials used in this experiment.

## **CHAPTER 2: LITERATURE REVIEW**

### **2.0 Introduction**

According to a review undertaken by Nga in 2007, Nwachukwu and Odigie in 2009 (as referenced in Kassa et al., 2013), savings can assist a country generate wealth, invest, and prosper. Similarly, Diaby and Mohamed (2013) emphasized that a high rate of domestic savings drives strong growth without the usage of any foreign savings. As a result, savings are critical to a country's economic success. To support the hypothesis of this study, a survey of current literature on the subject was done.

### **2.1 Foreign direct investment (FDI) and savings**

A corporation from one country making a physical investment into constructing a plant in another is considered to be engaging in foreign direct investment (FDI) in its traditional sense. It is the founding of a business by a foreigner. A corporation can acquire useful assets in another nation through foreign direct investment, which is a cross-border corporate governance mechanism.

There is a lack of consensus on how FDI and FCI effect domestic savings and national economic development. Bosworth et al. (1999) show that FDI has a positive influence on domestic savings in their study of a sample of emerging economies. According to Weiskopf (1972), FDI replaces domestic savings and so has a negative impact on domestic savings. Similar to Ahmad and Ahmed (2002), who demonstrate a long-term negative relationship between FCI and domestic savings in favor of the substitution hypothesis. Because of this, there is no agreement among earlier studies that sought to determine the relationship between FCI and domestic savings as well as growth. This topic is the subject of continuing academic discussion. Even though it normally consists of portfolio investment, FDI, official development aid (ODA) (loans and grants), and other commercial loans and investment, FDI is recognized as the largest and most significant component of FCI. As a result, FDI has been included in this analysis as a major independent variable. For Bangladesh, FDI and domestic savings have a complementarity connection, according to Salahuddin et al.'s cointegration analysis from 2010.

## 2.2 Dependency ratio with savings

Rao emphasized the dependency ratio hypothesis as a factor of saving; he claimed that a nation might increase its rate of domestic savings more if it experienced a demographic transition, such as a shrinking dependent population due to lower fertility (Roa, 2001). According to the empirical review undertaken by Bloom and Williamson (1997), as stated in Rao, the increase in working-age population could strengthen per capita productive capacity and boost economic growth in various East Asian economies. This expansion may increase the desire to save. However, when the ageing population returns and people allocate their money for social security expenses because the system is insufficient, this demographic composition will lose its meaning. As a result, average saving rates would fall once more.

The overall reliance ratio is divided into two components: the old dependency ratio and the young dependency ratio. This is a significant social factor influencing saving behaviors. A higher dependency ratio means that a greater proportion of income is spent, and economic actors save less. The dependency ratio is computed as the percentage of dependents per 100 people of working age. It is the ratio of those under the age of 15 to those over the age of 65 to those between the ages of 15 and 65. Saudi Arabia's reliance ratio has been steadily dropping over the previous 30 years. According to Pradeep & Pravakar (2009), one of the primary factors of Bangladesh's total savings rate is the dependency ratio. Thanoon and Baharumshah (2005) argue that the reliance ratio has a detrimental impact on the saving ratio in East Asian countries. Similarly, Metin-Ozcan et al. (2003) discover a negative relationship between Turkey's reliance ratio and saving rate. In the case of Saudi Arabia, the reliance ratio is quite high, with the majority of it being juvenile dependent. All of the empirical research mentioned above were undertaken in various nations. However, no research has been conducted to investigate the factors of savings behavior in the context of Saudi society. It is critical to investigate this problem using Saudi data in the context of the Saudi government's aim to diversify the economy away from oil dependence and stimulate FDI.

### **2.3 Real of inflation with savings**

In the face of high inflation and economic uncertainty in the country, people would naturally try to ensure their future by saving more. Previously, Chaturvedi, Kumar, and Dholakia (2008) investigated the statistically insignificant link of inflation to savings in their explanation of the interdependence of economic growth, savings, and inflation in Asia.

Inflation can be used as a proxy for economic uncertainty in addition to being a measure of macroeconomic stability. In this regard, it is typically thought to have a detrimental impact on savings. On savings, inflation and expected inflation could have opposing impacts. According to Deaton (1977), the element of uncertainty associated with predicted inflation may result in increased savings. In a similar vein, Tobin (1965) and Mundell (1963) anticipate a favorable impact of inflation on savings when actual money balances and investments are used as replacements. However, there is empirical support for the idea that inflation has a detrimental impact on savings. Stockman (1981) illustrates a negative impact of inflation on savings in the context of a long-run equilibrium growth model by treating inflation and savings as complements. Similar to this, Miller and Benjamin (2008) claim that high inflation raises the opportunity cost of retaining money, which causes savings to decline.

Similarly, Modigliani and Cao's 2004 article (as mentioned in Yuji and Wan, 2007) demonstrated the positive and significant effects of inflation on household saving rates in their earlier study. They used time series data from Chinese provinces spanning the years 1953 to 2000. In their analysis of the drivers of household savings in China, Yuji and Wan (2007) concluded that while inflation has a negative and statistical influence at times, it also looked unimportant at other times.

McKinnon (1973), Shaw (1973), and Giovanni (1985) experimentally test the premise that savings in LDCs respond positively to changes in the real interest rate. They base their argument on the fact that these countries' financial markets are underdeveloped, with self-financing and bank loans accounting for the majority of investment funds, and the accumulation of financial savings is determined more by the desire to invest than by the desire to live on interest income. As a result, the majority of savings will be in cash and near-money assets. As a result, the substitution effect of an interest rate change is frequently significantly bigger than the income effect.

Khan et al. (1992) investigated the factors influencing Pakistan's national saving rate. The study found that income, real interest rates, trade developments, and the economy's openness benefited national savings positively, but foreign capital inflows discouraged national savings. Khan et al. (1994) conducted another study employing a range of characteristics such as income, real interest rate, dependence ratio, foreign capital inflows, foreign aid, changes in TOT, and economic openness. The study discovered a robust and positive relationship between per capita GNP and national saving. Furthermore, it was discovered that the real interest rate, the shift in TOT, and the economy's openness all had a favorable impact on national saving. In contrast, the debt-to-GNP ratio and dependency ratio were found to have a negative impact on national saving.

Davis (2013) investigated the drivers of saves in Ghana using the techniques developed by Phillips and Ouliaris (1990) to identify the long run relationship between savings and its determinants. Financial liberalization, per capita income, and inflation all had a positive and statistically significant link with savings.

Khalil and Haider (2013) used Autoregressive Distributed Lag Model (ARDL) bound testing approach for cointegration techniques to check the robustness for long run relationship and ECM for short run dynamics during the period (1974-2010) to explain the determinants of savings in Pakistan via the process of economic growth. They discover that per capita income is considerably inversely connected to national saving rate, both in the long run and in the short term. The exchange rate and the inflation rate both had a negative influence on national saving, but the lag in the exchange rate had a considerable impact. The amount of international capital flows in a country had expanded dramatically as a result of floating exchange rates and the relaxation of capital controls. Trade openness was positively related to national savings in Pakistan because trade openness increased societal income and welfare through the market economy. Money supply was found to be positively related to national saving. Income growth has a negative relationship with national savings. Because per capita income and income growth are inverse functions of savings at the national level, the Keynesian and permanent income assumptions of income and savings were not true for Pakistan.



## CHAPTER 3: DATA ANALYSIS

### 3.0 Introduction

Data from secondary data sources is used in this investigation. The data used is time series data for 33 years, from 1990 to 2022. Foreign Direct Investment (FDI), Age Dependency Ratio, and Inflation are the three independent variables in this study. All quantitative data is derived from the Data Bank and World Bank indicators. Saving behaviors are proxied by GDP expenditures as the dependent variable.

### 3.1 Data Collection

#### 3.1.1 Data Collection Process

The panel analysis in this study is conducted solely with secondary data. Secondary data is historical or past research data acquired by other academics and published in their works such as journal articles, books, and government publications. The panel data obtained in this study runs from 1990 to 2022 on a time series basis for 33 years in Malaysia.

Malaysia was chosen because it has sufficient data on saving habits, foreign direct investment (FDI), age dependence ratio, and real inflation. The reason for this is to investigate saving behaviors in relation to the independent factors specified.

Saving behaviors were employed as the dependent variable in this study, whereas FDI, age dependency ratio, and real inflation were used as independent variables to assess saving behaviors in Malaysia.

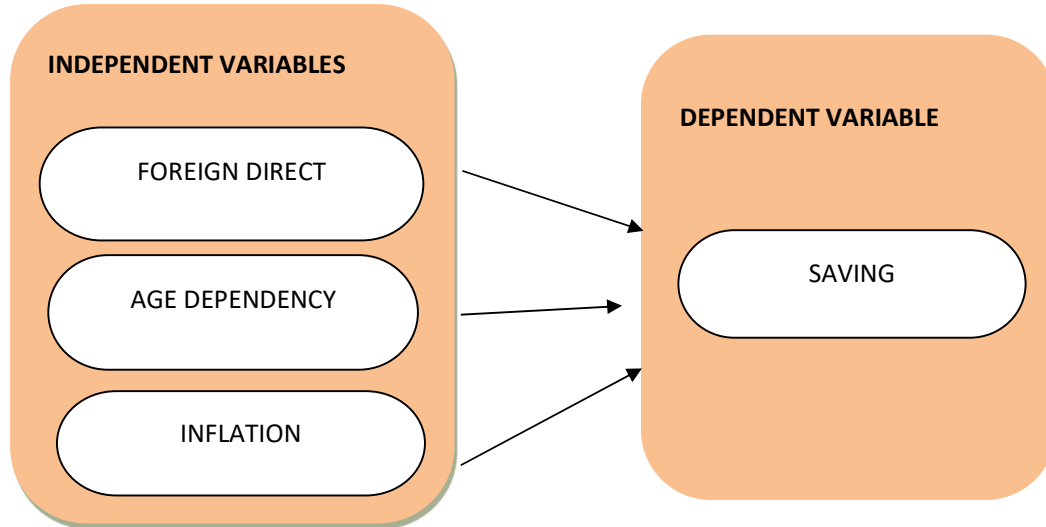
#### 3.1.1 Sources of Data

<b>Variables</b>	<b>Proxy</b>	<b>Unit</b>	<b>Sources of data</b>
Savings	Real GDP per capita	%	World Bank
Foreign Direct Investment (FDI)	Net inflows (% of GDP)	%	World Bank
Age Dependency Ratio	% of working-capital age population	%	World Bank
Inflation	CPI	%	World Bank

Table 1: Sources of data

### 3.1.2 Research Variables

<Theoretical framework>



<Proxy used>

<i>Variables</i>	<i>Proxy</i>	<i>Unit</i>
<i>Savings</i>	<i>Gross savings (% of GDP)</i>	<i>%</i>
<i>Foreign Direct Investment</i>	<i>Net inflows (% of GDP)</i>	<i>%</i>
<i>Dependency Ratio</i>	<i>% of working-age population</i>	<i>%</i>
<i>Inflation</i>	<i>CPI</i>	<i>%</i>

Table 2: Proxy used

### **3.2 Hypothesis**

Hypothesis 1:

H0: There is no significant relationship between foreign direct investment (FDI) and saving behaviors.

H1: There is significant relationship between foreign direct investment (FDI) and saving behaviors.

Hypothesis 2:

H0: There is no significant relationship between age dependency ratio and saving behaviors.

H1: There is a significant relationship between age dependency ratio and saving behaviors.

Hypothesis 3:

H0: There is no significant relationship between inflation and saving behaviors.

H1: There is a significant relationship between inflation and saving behaviors.

### 3.3 Methodology

#### 3.2.1 General Model

This study will use a multiple linear regression model to evaluate the hypothesis.

This form of this model is as follows:

$$Y = \beta_0 + \beta_1 X_t + \beta_2 X_t + \beta_3 X_t + \dots + \varepsilon_t$$

#### 3.2.2 Model of Study

$$SAV_t = \beta_0 + \beta_1 FDI_t + \beta_2 DEP_t + \beta_3 INF_t + \dots + \varepsilon_t$$

Where,

SAV<sub>t</sub> = Saving behaviors in Malaysia at time t (% of GDP)

FDI<sub>t</sub> = Foreign Direct Investment (FDI) in year t

DEP<sub>t</sub> = Age dependency ratio in year t

INF<sub>t</sub> = Inflation (Consumer Price Index) in year t

ε<sub>t</sub> = Error Term at time t

## CHAPTER 4: DATA RESULT

### 4.1 DATA ANALYSIS

#### 4.1.1 CORRELATION TEST

##### Correlations

		SAVING	FDI	DEPEDENCY	INF
SAVING	Pearson Correlation	1	.185	.607**	.435*
	Sig. (2-tailed)		.303	.000	.011
FDI	Pearson Correlation	.185	1	.530**	.568**
	Sig. (2-tailed)	.303		.002	.001
DEPEDENCY	Pearson Correlation	.607**	.530**	1	.418*
	Sig. (2-tailed)	.000	.002		.015
INF	Pearson Correlation	.435*	.568**	.418*	1
	Sig. (2-tailed)	.011	.001	.015	

Table 3: Correlations test

According to the table above, no strong correlation is detected among all independent variables where all the values are recorded below than 0.8. there is no multicollinearity problem due to the highest value which is 0.607 still below 0.8.

## 4.1.2 Multiple linear regression

### 4.1.2.1 Coefficient of determination; R<sup>2</sup>

#### Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.698 <sup>a</sup>	.487	.434	3.43257	.630

Table 4: Model summary, R<sup>2</sup>

Table 4 shows R value is 0.698 which is not between the interval <0.75-0.99. This means that the level of correlation and the strength of the relationship between the variables of foreign direct investment, age dependency ratio and inflation to saving behaviors is very weak. Meanwhile, the R-square value is the percentage of variation in the dependent variable explained by the independent variables. The result indicated that 0.487 or 48.7% are bad fit of the model and a lower ability to explain the dependent variable. The remaining that 51.3% is explained by the factors which are not stated in this study.

#### 4.1.2.2 ANOVA (F-test)

##### ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	324.548	3	108.183	9.182	.000 <sup>b</sup>
	Residual	341.694	29	11.783		
	Total	666.242	32			

Table 5: ANOVA (F-test)

The ANOVA (F-test) assesses the overall significance of the regression model by comparing the variation explained by the independent variables with the unexplained or residual variation. When the ANOVA result below than 0.05, it means that the variation explained by the independent variables is significantly greater than unexplained variation, supporting the presence of the relationship between FDI, age dependency ratio, inflation and saving behaviors. The level of significant is 0.000 which is less than 0.05. This mean that the variables of FDI, age dependency ratio and inflation have significant effect on economic growth.

### 4.1.3 t-test

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	14.212	4.035		3.522	.001
	FDI	-.898	.425	-.370	-2.110	.044
	DEPEDENCY	.348	.086	.647	4.065	.000
	INF	1.173	.513	.375	2.288	.030

Table 6: Coefficients, t-test

Based on the table, we can see that all of the variables have a significant effect on the saving behaviors in Malaysia when the significant value of foreign direct investment (FDI), age dependency ratio and inflation are below than 0.05 which is 0.044, 0.000 and 0.030 respectively. Thus, the null hypothesis is rejected, showing that FDI, age dependency ratio and inflation has a significant impact on saving behaviors. The table also shows that a 1 percent increase 1 percent increase of age dependency ratio and inflation by 0.348 and 1.173 percent respectively and vice versa. Meanwhile the coefficient result demonstrates that FDI decrease by 0.898 percent respectively when there is an increase of 1 percent in the saving behaviors and vice versa.



## **CHAPTER 5: CONCLUSION AND RECOMMENDATION**

### **5.1 Introduction**

The study examines the causes of Malaysian saving behaviors using macroeconomic factors such as foreign direct investment (FDI), age dependence ratio, and inflation. Based on the three independent variables, all of the independent variables have a substantial impact on Malaysian saving behaviors. This study relied on time series data from 1990 to 2022 provided by the World Bank as data sources.

### **5.2 Discussion**

#### **The effect of foreign direct investment (FDI) on saving behaviors.**

There is conflicting information regarding how FDI and FCI affect domestic savings and national economic development. The favorable impact of FDI on domestic savings is demonstrated by Bosworth et al. (1999) in their research of a sample of emerging nations. Weiskopf (1972) contends that FDI replaces domestic savings and thus has a negative impact on domestic savings. Similar to Ahmad and Ahmed (2002), who demonstrate a long-term negative relationship between FCI and domestic savings in favor of the substitution hypothesis. Because of this, there is no agreement among earlier studies that sought to determine the relationship between FCI and domestic savings as well as growth. This topic is the subject of continuing academic discussion. FDI is regarded as a large and the most significant component of FCI, even if it typically comprises of portfolio investment, FDI, official development aid (ODA) (loans and grants), and other commercial loans and investment. As a result, FDI has been considered as a significant independent variable in this study. For Bangladesh, FDI and domestic savings have a complementarity connection, according to Salahuddin et al.'s cointegration analysis from 2010.

The coefficients of error terms suggest that there is bivariate causation between foreign direct investment and domestic savings in Bangladesh, according to Salahuddin et al. (2010). It also demonstrates that the feed-back from domestic savings to foreign direct investment is stronger in the near run, with a high level of significance. This implies that, in the case of Bangladesh, foreign direct investment and domestic savings have a complementary relationship in both the short and long run.

### **Age dependency ratio on saving behaviors**

The overall reliance ratio is divided into two components: the old dependency ratio and the young dependency ratio. This is a significant social factor influencing saving behaviors. A higher dependency ratio means that a greater proportion of income is spent, and economic actors save less. The dependency ratio is computed as the percentage of dependents per 100 people of working age. It is the ratio of those under the age of 15 to those over the age of 65 to those between the ages of 15 and 65. Saudi Arabia's reliance ratio has been steadily dropping over the previous 30 years. According to Pradeep & Pravakar (2009), one of the primary factors of Bangladesh's total savings rate is the dependency ratio. Thanoon and Baharumshah (2005) argue that the reliance ratio has a detrimental impact on the saving ratio in East Asian countries.

Similarly, Metin-Ozcan et al. (2003) discovers a negative relationship between Turkey's reliance ratio and saving rate. In the case of Saudi Arabia, the reliance ratio is quite high, with the majority of it being juvenile dependent. All of the empirical research mentioned above were undertaken in various nations. However, no research has been conducted to investigate the factors of savings behavior in the context of Saudi society. It is critical to investigate this problem using Saudi data in the context of the Saudi government's aim to diversify the economy away from oil dependence and stimulate FDI.

In the previous study, Sabe (2017) discovered that age dependent old had a negative association, which was consistent with what theoretical reviews revealed. Unfortunately, there was no statistical association between it with saving. The final component, age dependent young, suggested a positive link with saving. This was in direct opposition to the earlier hypothesis. However, from a different perspective, all studied countries have had a downward trend in the dependent young ratio, resulting in strong domestic saving rates. Young age reliance was statistically significant at the 1% level.

### **The real inflation on saving behaviors**

Davis (2013) investigated the drivers of saves in Ghana using the residual-based cointegration techniques developed by Phillips and Ouliaris (1990) to identify the long run relationship between savings and its determinants. Financial liberalization, per capita income, and inflation all had a positive and statistically significant link with savings.

Khalil and Haider (2013) used Autoregressive Distributed Lag Model (ARDL) bound testing approach for cointegration techniques to check the robustness for long run relationship and ECM for short run dynamics during the period (1974-2010) to explain the determinants of savings in Pakistan via the process of economic growth. They discover that per capita income is considerably inversely connected to national saving rate, both in the long run and in the short term. The exchange rate and the inflation rate both had a negative influence on national saving, but the lag in the exchange rate had a considerable impact. The amount of international capital flows in a country had expanded dramatically as a result of floating exchange rates and the relaxation of capital controls. Trade openness was positively related to national savings in Pakistan because trade openness increased societal income and welfare through the market economy. Money supply was found to be positively related to national saving. Income growth has a negative relationship with national savings. Because per capita income and income growth are inverse functions of savings at the national level, the Keynesian and permanent income assumptions of income and savings were not true for Pakistan.

### **5.3 CONCLUSION**

According to the expected hypothesis, the positive influence of inflation was discovered. The data have led to the conclusion that Malaysians save primarily to protect against macroeconomic uncertainties; that is, they save as a preventive step against future economic hazards. They feel safer as they save more. Domestic saving rates in the region have risen as a result of increased household savings. When viewed in a different light, their accumulated savings could be used for capital development, so helping to re-establish productive sectors.

### **5.4 RECOMMENDATION**

Malaysians would have to strike a balance between inflation and deflation. This is also a significant consideration for policymakers when implementing appropriate monetary policies and deploying effective instruments to address people's fears about uncertain economic situations. Domestic savings in the region have no statistical relationship with dependency old ratio.

However, it is possible that the increasing tendency of ageing dependents has an impact on domestic saving rates in ASEAN countries. The consumption, physical, and social needs of such elderly dependents are covered by savings allocations. This implies a decrease in the rate of saving. On the other side, the dependency young ratio has been found to have a large positive influence on the region's saving rates. With fewer young dependents, households might save more, resulting in high savings rates. This appears to be advantageous for countries in the current period since it eliminates the need for foreign deposits if the country has sufficient domestic savings. However, given the current dropping young dependence ratio, they may confront concerns of working-age demographic shortages in the future.

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## APPENDICES



Attended a program at Wat Siam Jejawi, Perlis.



Completing Hibah Amanah/Pengisytiharan Amanah documents.





A Photoshoot session for Hari Raya Aidilfitri



ASNB's family day at Langkawi



Monthly meeting with branch manager and all staffs



Attended program “Selangkah ke UiTM” at UiTM Arau, Perlis





Fire drill briefing at ASNB Kangar









Attempt to batching the document into different account.

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