

FACTORS THAT INFLUENCE THE DETERMINATION  
OF INTEREST RATE IN MALAYSIAN  
BANKING SYSTEM

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FACTORS THAT INFLUENCE THE DETERMINATION OF INTEREST RATE IN  
MALAYSIAN BANKING SYSTEM

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## DECLARATION

I hereby declare that this thesis entitled **Factors that Influence the Determination of Interest Rate in Malaysian Banking System** is the result of my own research except as cited in the references.

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## **FACTORS THAT INFLUENCE THE DETERMINATION OF INTEREST RATE IN MALAYSIAN BANKING SYSTEM**

### **ABSTRACT**

This study determines interest rate of a bank for an economy which has recently pursued financial liberalization. As a method we follow the Fisher's Equation. Through this equation, a nominal interest rate formula has been expanded to calculate the determinants of the equation that is the real interest rate and inflation rate. These equations were also expanded to form a simple formula. The purpose of this project is to pursue the method which has been identified to determine the factors that influence the determination of interest rate. In order to that, multiple regression analysis has done to achieve the purpose of this study.

# **FAKTOR-FAKTOR YANG MEMPENGARUHI PENENTUAN KADAR FAEDAH DALAM SISTEM PERBANKAN MALAYSIA**

## **ABSTRAK**

Kajian ini menganalisis faktor-faktor yang mempengaruhi kadar faedah bank untuk ekonomi yang menjalankan pengaliran kewangan. Kita menggunakan kaedah Persamaan Fisher dimana menerusi persamaan ini, formula kadar faedah nominal dan kadar inflasi dikembangkan untuk mengira pekali pembolehubah-pembolehubah bagi persamaan iaitu kadar faedah sebenar dan kadar inflasi. Formula ini juga dikembangkan untuk membentuk satu persamaan ringkas. Motif kajian ini adalah untuk menjalankan kajian kaedah yang telah dikenalpasti untuk menentukan faktor-faktor yang mempengaruhi penentuan kadar faedah. Oleh itu, analisis regresi berganda dijalankan untuk mencapai motif kajian ini.