# Table of contents

**Abstract**

1. Introduction and definition of the problem 1

2. Review of literature 5

3. Research Methodology 16
   3.1 Introduction 16
   3.2 Definition of concepts and terms 18
   3.3 Hypothesis 25
   3.4 Data Gathering Instrument 27
   3.5 Analytical Methods 27

4. Results and Discussion 28
   4.1. Solvency 28
   4.2. GDP Growth Rates 31
   4.3. Investment Efficiency 33
   4.4. Savings Rate 39
   4.5. Inflation 41
   4.6. Openness 43
   4.7. The real exchange rate appreciation 45
   4.8. Banking and financial system 47
   4.9. Export growth 50
   4.10. Composition of capital flow 54
   4.11. Foreign exchange reserves 56
   4.12 Interest rates 59
5. Conclusion

5.1 Summary of the findings 61
5.2 Proposed early warning system 64
5.3 Conclusion on the crisis in Malaysia and the region 70
5.4 Future research 73

References

Appendix