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## **Abstract**

The current account deficits in the balance of payments have been a serious concern to policy makers and academicians in their efforts to formulate possible ways to assist the current account deficits.

This study looks at the Malaysian services account balances in the current account of the balance of payment with specific focus on the travel account position. The long-standing deficits in the Malaysian current account position due to the services account deficits have been rather prominent in the early 1980's due to excessive external debts. The net investment payment ranked the highest in terms of generating outflows of money through the services account. The travel account was also for a long time a deficit account. But it has shown a remarkable turn around from 1990 onwards. Being such a promising sector and with potential for further growth, this has prompted the study to focus on the travel account with a view to exploring how it can further assist the services account deficits and indirectly the current account and balance of payment.

The initial chapters will examine the travel account on the whole as well as factors influencing the inflows and outflows of travelers to and from the country. The later section will discuss possible methods to increase inflows of travelers as well as to decrease outflows of travelers to push the travel account as a possible channel to assist the services deficits in the current account of the balance of payment.

It is hoped that this study would provide readers a clearer understanding on the potentials of the travel account in assisting the Malaysia services account deficits in the balance of payments.

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