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**A STUDY ON HIRE PURCHASE FINANCING  
PERFORMANCE OF HONG LEONG FINANCE BERHAD**

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## ABSTRACT

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This project paper is carried out with the intention of providing the readers a better understanding in loan management process. This paper deals with the loan of Hong Leong Finance Berhad and focuses on loan portfolio of hire purchase.

This paper focuses on how to analyse / evaluate the relationship between profitability ratios of Hong Leong Finance Berhad with performance of hire purchase financing.

The result indicates that profitability ratio's component i.e Return on Asset ( ROA ), Return on Equity ( ROE ) and Earning per share ( EPS ), do have relationship with financial performance ( HP, BD and INT ).

However, their relationship is not significant for all variables used in this study except for ROA and ROE under computation of F - Stat. This study also found that financial performance ( HP, BD and INT ) contribution on profitability of Hong Leong Finance Berhad is small and not very influential.

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## INTRODUCTION

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### 1.1 INTRODUCTION

Purchasing is made easy nowadays. In the fast moving world, people have been trying to avoid the need to pay for item purchased in one whole sum. Hire purchase seems a good solution as the monthly installment shows a small figure with everybody can cope. Entering on hire purchase agreement seems a good idea to afford items that seem unaffordable to people.

Hire purchase has become respectable. The system of hire purchase has expanded greatly and hire purchase transactions are increasing daily. It is used not only for consumer goods but also for commercial and industrial financing.