



**UNIVERSITI TEKNOLOGI MARA**

**THE PERFORMANCE OF LOAN DISBURSED FOR  
MICRO FINANCE IN  
BANK SIMPANAN NASIONAL, PAHANG**

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## ABSTRACT

*Access of the poor to financial services is indeed important for the success of market based. In this regard, microfinance has been recognized worldwide as an important policy instrument. The attractiveness of microfinance scheme lies in the fact that they provide a mechanism to link micro-entrepreneurs to the much needed credit which are normally inaccessible from the formal financial institutions. Microfinance scheme enable micro-entrepreneurs to expand existing economic activities and consequently in scaling up their income. Currently, there are almost ten financial institution which offers micro finance product and Bank Simpanan Nasional is one of the financial institution which are given a mandate by Bank Negara Malaysia to provide micro finance scheme named BSN Teman Niaga. Since it was introduced by Bank Simpanan Nasional, Pahang, Record of Loan Approved shows that the bank has disbursed for about RM8,253,000 total amount of loan for micro enterprise under manufacturing, service and retail sector. 52 per cent of this amount is disbursed for retail sector, 29 per cent is for service sector and the outstanding balance with total amount of RM1,604,000 is for manufacturing sector. Small and Medium Enterprises (SMEs) in Malaysia contribute to economic development by virtue of their sheer numbers and increasing share in employment and Gross Domestic Product. Their role in the Malaysian economy will strengthen the resilience of the country to face a competitive and challenging global environment.*

## **INTRODUCTION**

### **1.1 OVERVIEW OF STUDY**

This chapter provided some background of Bank Simpanan Nasional as one of the banking institution that offers varieties of product and services that can fulfill the needs of their customers and fit the concept of Bank of Community. This chapter will explain about the performance of microfinance facility in Bank Simpanan Nasional and it is focus on Pahang branch. This part also consists of problem statement, objective of the study, significant of the study, limitation of study, scope of study and definition of key term.

### **1.2 BACKGROUND OF COMPANY**

The services of saving bank in Malaysia were started at the end of 19<sup>th</sup> century. The first State Savings Bank was established in 1888 and Selangor State Savings Bank was established in 1893 has been administered by Treasury and after that had been taken over by Postal Department. In 1907, the States Savings Bank of Perak and Selangor repealed and placed under the Post Office Savings Bank Federated Malay States which also provided services in Negeri Sembilan and Pahang.

Since 1949, savings in Post Office Savings Bank has increased. In that year, it had 229 652 depositors with a total credit of RM47.2 million. At the time of it launch on 5<sup>th</sup> December 1972, Bank Simpanan Nasional has more than 2.5 million depositors.