



UNIVERSITI TEKNOLOGI MANA

ASSESSING FACTORS AFFECTING THE REPAYMENT
PERFORMANCE OF MICROCREDIT CUSTOMERS AT BANK
KERJASAMA RAKYAT MALAYSIA BERHAD, BATU PAHAT,
JOHOR, MALAYSIA

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ABSTRACT

This study focused on assessing the factors that affecting The Repayment Rate of Microcredit Customers at Bank Kerjasama Rakyat Malaysia Berhad, Batu Pahat, Johor, Malaysia (Bank Rakyat). A total of 72 respondents of micro credit customer were selected for this study. The research was conducted to determine the factors affecting loan repayment prevalent among micro credit customer of Batu Pahat Johor. The objective of the study is also to identify and analyze the socio-economic determinants of loan repayment performance of microcredit Bank Rakyat Batu Pahat branch customers and to better define and understand the mechanisms within a lending group that affect repayment.

Data required for analysis are collected using structured questionnaire from the existing microcredit customer of Bank Rakyat. The results showed that gender was not among the factors that influence the increase in NPLs. Place of residence, education level, the amount taken, the purpose of the loan, the business income and the current economic situation is among the factors that have been taken into account in determining the factors affecting the rate of repayment may lead to the Non-Performing Loan if not contained.

Interestingly, most of respondents support the concept of Self-Help Group, which was introduced by the Bank Rakyat as a mechanism to control the rate of repayment on Microfinance as this is a type of financing which does not require guarantors and collateral. In addition, respondents also strongly agreed with the involvement of banks and cooperatives as a facilitator in the establishment of SHG and cooperative banks even seen his own interest in the success of the scheme.

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