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AMANAH IKHTIAR MALAYSIA (AIM): A STORY OF THE PROGRAMME SUCCESS

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Microcredit is a small business loan offered to people in need. The ideas of microcredit are not new. It was introduced in the 1970s by Prof. Muhammad Yunus who was actively involved in poverty alleviation programmes. In 1976, he visited very poor households in the village of Jobra, Bangladesh, there, he learned that by providing capital and better opportunities, these poor households can improve their livelihood. He used his personal money to provide financial assistance to 42 poor individuals. Satisfied with the repayment of these loans, he was prompted to expand the financial assistance using a more structured banking system. After many efforts and reaching out numerous banks, Grameen Bank was finally established in 1983. Grameen Bank was formed to offer small loans to the poor through small weekly installments. The success story of Grameen Bank has become world-recognised and Prof. Muhammad Yunus was awarded a Nobel Peace in 2006.

Inspired by Grameen Bank's achievement, the approach of giving away loans to poor people was adopted in Malaysia starting with the initiation of a pioneer project in the north-western area of Selangor, known as Project *Ikhtiar*. Project *Ikhtiar* is deemed to be successfully implemented and the success of the project proves that microcredit project is helpful in alleviating poverty among the poor. This initial success led to the birth of Amanah Ikhtiar Malaysia (AIM) on 17th September 1987, which is aimed to reduce poverty among the poor and hardcore poor households in Malaysia.

AIM provides microcredit services to selected participants throughout Malaysia. The implementation of this programme is based on the concept of trust and sharing liability. It offers interest-free loans to its participants which help them to undertake income generating activities.

These interest-free loans are categorised into three categories, namely economic, education, and multi-purpose loans. The loan value ranges from RM1,000 to RM50,000 with an average of RM6,000 per loan, which should be settled within 25 to 150 weeks depending on the economic activities and the participants' performance and cooperation during the centre meetings. It monitors and manages its participants by holding weekly meetings in its centres and the participants are required to pay the loan repayment installment during these meetings. In this regard, once their loans are fully paid, the participants can request for a new later interest-free loan when the need arises with new terms based on the activity and the participant's performance and cooperation.

The process of loan disbursement starts when the participants apply for the interest-free loan. To ensure the effectiveness of AIM loan disbursement implementation process, the organisation carefully screens its participants. The prospective participants will be interviewed by its staff and need to receive favourable approvals from group, centre and branch or area office. Upon the loan approval, the loan is disbursed with no collateral, no guarantor, no interest charges and no legal action taken for the unpaid debt. Furthermore, the debt would be written off if the participants perish before the loan is fully paid. AIM has also established its Welfare and Wellbeing Fund to help the participants to cope with hardships, such as chronic disease, death, accidents among others. The Welfare and Wellbeing Fund is funded by a small fee collected every week from each participant for providing aids for other participants and their families who are facing hardship.

As of August 2010, AIM has extended its operation to 87 branches with 60,497 groups in 6,646 centres serving a total of 254, 116 clients in Malaysia. This has gradually increased and in December 2015, AIM had opened 139 branches with 102,818 groups in 10,043 centres serving a total of 377,282 clients in Malaysia (Amanah Ikhtiar Malaysia, 2015). AIM has demonstrated a proven track record of success in the last of thirty years. In 2013 and 2014, AIM was awarded several international honours, including The Asian Leadership Award on Rural Development and Poverty Eradication, Best Islamic Microfinance Award and Global Excellence in Management Award on Excellence in Corporate Governance at the Global Islamic Finance Award, while in 2015, it was awarded the Best Islamic Microfinance Award and Best Islamic Finance Award.

However, AIM's most significant achievement is its track records in nurturing entrepreneurship among the poor. There are a number of success stories that highlighted how AIM participants managed to escape poverty. True to its pledge, AIM has become a stepping-stone for the poor to escape poverty. As per reported by The Asian Institute of Finance (2015), through a nationwide survey conducted on 269,470 participants, it was founded that 94.7 percent have been able to alleviate their socio-economic status and escape. It was also stated that 30 percent of the participants have earned monthly income exceeding RM3,000. In addition, AIM's high repayment rate is also a representation of the significant achievements it has accomplished.

The Asian Institute of Finance (2015) reported that AIM has achieved the repayment rate of about 99.6 per cent. Accordingly, AIM's delivery system of loan disbursement process and mutual support from members in the group facilitate the rapid repayment.

Being oriented microcredit institution with an aim to eradicate poverty, the financial services offered by AIM has gained a tremendous success in improving socio-economic performance of the borrowers. Therefore, it concludes that AIM has been microcredit programme success in Malaysia. This is firmer conclusion that its institution and impacts has stood the glory of the time and has extended and expanded what it is doing and is achieving.

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