



**A STUDY ON LOAN DEFAULT AT
SABAH CREDIT CORPORATION**

HAKMILIK
Perpustakaan
Universiti Teknologi MARA (UiTM) Sabah
Beg Berkunci 71
88997 Kota Kinabalu, Sabah

**JEANIE JEANIFER JIKOMIN
2010792183**

**BACHELOR OF BUSINESS ADMINISTRATION WITH
HONOURS (MARKETING)
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
SABAH**

JUNE 2013

ACKNOWLEDGEMENT

First of all my gratefulness to GOD for his blessings for my health, strength and life during all this time. With a lot of effort and self-confidence in doing this research, I was able to fulfill my wish in accomplishing this research.

Here, I would like to take this opportunity to express my gratitude to my advisor, Prof Mat Yasin for all his support, guidance, encouragement, comments, advice, valuable suggestions and concerns throughout the completion of this project. A million thanks to you for being so nice, patient and kind in dealing with my problems during this semester.

I would also like to extend my appreciation to Datuk Vincent Pung, CEO of SCC for giving me the opportunity to undergo this researcher study at SCC. A million thanks to Mr. Arius Jipiu as a Head of Department Credit for his guide during doing this research.

I also want to say thanks to all of the employees in the Credit Control Department for their kind co-operation for their guidance and as well as for providing necessary information regarding this research

Besides That, I also would like to thanks to my family for diving me their blessing, unconditional love, moral support and also financial support. For my colleagues thanks you so much for the help in doing this research

ABSTRACT

The purpose of this research is to study on loan default at Sabah Credit Corporation. This corporation provided six type of loan which executive loan, housing loan, project loan, mortgage loan, community loan scheme. This research is focus on the loan default. Thus, there were 120 respondents selected by the researcher to be the sample size on this research.

From the finding of the research the researcher founded that there were many category of borrower that applying a loan at Sabah Credit Corporation which different in term of age, race, level of education and averages monthly income. In addition of that, the researcher also founded that many loan being default because of resigned, retirement, terminated, big family, error amount to be deduction, on leave study, early retirement and transfer. Respondents also have the opportunities to solve suggestion so that Sabah Credit Corporation can help them to handle the loan default. Hence the objective on this research has been achieved.

TABLE OF CONTENT

CHAPTERS	PAGE
1 Introduction	
1.1 Background of Study	1
1.2 Problem Statement	2
1.3 Objectives of study	2
1.4 Research Question	2
1.5 Theoretical Framework	3
1.5.1 Independent Variable	3
1.5.2 Dependent Variable	4
1.6 Limitation of Study	4
1.7 Significant of study	
1.7.1 The Researcher	5
1.7.2 The organization	5
1.7.3 The Public	5
1.8 Background of Sabah credit Corporation	6
1.8.1 Company business overview	6-7
1.8.2 The types of loan offered by SCC	7-8
1.8.3 Common factor for loan default	8-9
1.8.4 Objective of SCC	9
1.8.5 Vision of credit control department	10
1.8.6 Mission of Sabah Credit corporation	10
1.9 Definition of term	11
2 Literature Review	
2.1 Definition of loan	12
2.2 Mortgage loan definition	12
2.3 Definition of Hire Purchases	12
2.4 Impact of the borrower's attribute, loan contract contents, and collateral characteristics on mortgage loan default	12-13
2.5 The profiles of late paying consumer loan borrower's An exploratory Study	13
2.6 Credit Usage, hire purchase costs and consumer protection in retail institutions in Botswana	13-15
2.7 The Hire Purchase Business, Is It a Win-Win Situation	15
2.8 Problems & Prospects of Hire Purchase	15-16
2.9 Advantages and Disadvantages of personal loan	16-17
2.10 How demographics contribute to mortgage default	18-19
2.11 Current mortgage loan environment	19-20

3 Research design and Methodology

3.0 Research Design	
3.1 Data Collection Method	21
3.1.1 Primary Data	21
3.1.2 Secondary Data	21
3.2 Sampling Design	22
3.2.1 Sampling Techniques	22
3.2.2 Sampling Size	22
3.3 Data entry and data processing	22
3.4 Data analysis	23
3.4.1 Reliability Test	23
3.4.2 Statistical Packages for Social Science	23

4. Finding and analysis

4.1 Respondent's Gender	25
4.2 Respondent's race	26
4.3 Respondent's Marital Status	27
4.4 Respondent's Highest level of Education	28
4.5 Respondent's Age	29
4.6 Respondent's Occupation	30
4.7 Respondent's household averages monthly income	31
4.8 Respondent's spouse occupation	32
4.9 From where that respondent's know about loan offer by SCC	33
4.10 Type of loan that respondent's borrowed	34
4.11 How many days respondent's wait for the approval	35
4.12 the interest charged by SCC is low	36
4.13 Cost of living in respondent's family has increase	37
4.14 Number of children in the family has increase	38
4.15 It better paying the loan using salary deduction rather than cash	39
4.16 The officers are polite	40
4.17 The Loan officers are professional in handling default cases	41
4.18 Interests for late payment should be reduced	42
4.19 The main cause respondent's not able to pay the loan loan default	43
4.20 Suggestion to SCC to help respondent's to handle the loan default	44
4.21 Cross Tabulation	
a) Objective 1	45
b) Objective 2	46
c) Objective 3	47