



**THE DEMOGRAPHIC FACTS TOWARD NON PERFORMING LOAN  
: CASE STUDY OF BSN SARAWAK**

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## **CHAPTER ONE: INTRODUCTION**

### **1.0 Background**

Bank Simpanan Nasional (BSN) was incorporated on 1<sup>st</sup> December 1974 under the Ministry of Finance. With its incorporation, BSN has taken over all duties and responsibilities of the Post Office Savings Bank. BSN's mission is to encourage savings, investments and smart financial management among Malaysians to increase their quality of life.

BSN has more than 5,000 employees and more than 350 networks of branches. BSN also provides automatic teller machine (ATM) and Cash Deposit Machine (CDM) nationwide. BSN has more than 7 million customers spread throughout the length and breadth of the country and with savings of more than RM 8 billion. BSN is continuously enhancing its services as well as expanding its range of products for the benefit of its customers. BSN's main products include Personal Financing, Home Loan, Premium Saving Certificate (SSP), Islamic Banking Scheme, Giro Savings Account, BSN Matrix and Matrix-i Debit Card as well as VISA and MasterCard credit card.

### **1.1 Bank Simpanan Nasional Sarawak**

As at March 2009, BSN Sarawak has 266 staff. It has 25 branches all over the Sarawak. It is divided into 7 zones which consist of Kuching, Padawan, Sri Aman, Sarikei, Sibul, Bintulu and Miri zone. Each zone will operate and be supervised by a Zone Head. The head quarter is at Jalan Satok, Kuching. The State manager is the person who is responsible to manage an operation as well as the asset product which is a core product that stimulates and generates profit income to the BSN Sarawak. The asset product comprises personal loan, mortgage loan, micro finance and credit card.

## **CHAPTER TWO: LITERATURE REVIEW AND THEORETICAL FRAMEWORK**

### **2.0 Literature Review**

#### **2.0.1 Non Performing Loan**

David R. Evanson (1999), a non-performing loan (NPL) is a loan that is in default or close to being in default. Many loans become non-performing after being in default for 3 months, but this can depend on the contract terms.

Bank Negara Malaysia (1997), In general, a loan is classified as non-performing when the principal or interest is due and unpaid for six months or more from the first day of default.

#### **2.0.2 Personal Loan**

Jessica Anderson (2008), a loan that establishes consumer credit that is granted for personal use; usually unsecured and based on the borrower's integrity and ability to pay.

Benedict Koh & Fong Wai Mun (2003) cited personal loan are extended top individuals to finance their general expenditures, the amounts of loan given depends on the purpose of the loan and collateral pledged.

#### **2.0.3 Gender**

Garland (2002) observed that retail banks usually operate on a long-term "cradle-to-grave" customer management strategy. This means that some customers may be regarded as being unprofitable in the short terms but become profitable over time. This situation according to Stafford (1996) has encouraged banks to identify the key demographics of their target market upon which they discriminate against women. Evidence revealing the