



**EMPIRICAL INVESTIGATION ON DETERMINANTS OF LOAN REPAYMENT  
INTENTION AMONG HOUSEHOLDS IN MELAKA, MALAYSIA**

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**DECLARATION OF ORIGINAL WORK**



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**“DECLARATION OF ORIGINAL WORK”**

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- This work has not previously been accepted in substance for any degree, locally or overseas, and is not being concurrently submitted for this degree or any other degrees.
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## **ABSTRACT**

The highlighted issue from this research is low intention to repay loan among household in Melaka, Malaysia. Low loan repayment intention can lead to default payment, delinquency as well as bankruptcy. This research is to investigate the relationships between financial attitude, financial literacy and financial socialization with loan repayment intention. The respondents in this research is households in Melaka, Malaysia which involved totals of 257 working at Universiti Teknologi MARA (UiTM) Kampus Bandaraya, Amanah Saham Nasional Berhad (ASNB), SH Motors Sdn Bhd and Seri Negeri Melaka. The sampling chosen in this research is purposive sampling. By using the Statistical Package for the Social Science (SPSS) version 22, all data gathered were analyzed. In order to obtain the result, frequency distribution, descriptive analysis, reliability analysis, Pearson correlation analysis and multiple regression analysis were conducted in the analysis part. The research used Social learning theory and theory of planned behavior to propose the theoretical framework. The research investigates the relationship of financial attitude, financial literacy and financial socialization with loan repayment intention among household in Melaka. Thus, in this research findings found that financial attitude has a significant relationship between with loan repayment intention. These finding could contribute to the body of knowledge by identifying determinants of loan repayment intention among households in Melaka.

Keyword: Loan Repayment Intention, Financial Attitude, Financial Literacy, Financial Socialization.

# CHAPTER 1

## INTRODUCTION

### 1.0 BACKGROUND OF THE STUDY

Loan repayment is the action of paying back money previously borrowed from a lender either the principal or interest of loan. The intention of loan will determine the pathway of loan repayment among borrowers. It is vital for every individual to repay on time in order it is to ensure free from financial pressure. Loan repayment also correlated with the economic growth in Malaysia. Credit not only merely input to the deficit units and surplus unit but the credit also is the engine of economic growth which is circulated money to the economy (Tang, 2003). This shows that credit is necessary to achieve sustainable economic growth in Malaysia.

Failure of a borrower to make a timely payment on a loan will lead to the high default payment and delinquency. Loan repayment defaults and loan delinquency have continued to cause a serious challenge that has to face by most microfinance institutions (Munene and Guyo, 2013). Meanwhile, Gutu, Mulugeta and Birlie (2017) pointed out that the individual borrowers can either repay their loans or choose to default because the main loan repayment are depending on the willingness and ability of the borrowers to repay their loan.

In Malaysia, Central Credit Reference Information System (CCRIS) is one of the tools that have been used by banks for calculating credit risk scores. CCRIS is a computerized