



UNIVERSITI TEKNOLOGI MARA  
KELANTAN

FACTORS THAT CAUSE NON-PERFORMING  
LOAN IN MICROFINANCE AT  
BANK SIMPANAN NASIONAL  
KELANTAN

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## DECLARATION OF ORIGINAL WORK



**BACHELOR OF BUSINESS ADMINISTRATION  
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**“DECLARATION OF ORIGINAL WORK”**

I, NIK ZATIL AQMAR BINTI NIK FAUDZI, (I/C Number: 860625-29-5356)

Hereby, declare that,

- 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
- This project paper is the result of my independent work and investigation, except where otherwise stated
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specially acknowledged

Signature: \_\_\_\_\_ Date: April 2011

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*In the name of Allah , The most Gracional and Selawat and Salam to His  
Messenger our Prophet Muhammad SAW.”*

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## ABSTRACT

Danny Yap (2010) reported that, the non-performing loans ratio (NPLs) in Malaysia is expected to come under pressure this year (2011) as the country faces a more challenging global and domestic environment. Thus, this research was conducted to study the factors that cause to non-performing loan (NPL) in Microfinance at Bank Simpanan Nasional Kelantan. The objective of this research is to determine the factors that cause non-performing loan (NPL) and the relationship between the independent variables (the unpredictable crises among borrowers, the operation management, the analysis on credit scoring and the attitude of borrowers) and dependent variable (Non-Performing Loan). The researcher has distributed the questionnaire to the staff at Bank Simpanan Nasional Kelantan especially who have been involved in Micro Finance/ Micro Credit. The Pearson Analysis is used to measure the strength of the association between two variables. The result indicate that the strength of association between IV1 ( $r = 0.934$ ) and IV4 ( $r = 0.948$ ) are very high and very strong and that the correlation coefficient are very highly significantly different from zero ( $p < 0.01$ ). Hence, the result above has answered the objective of the research. Several actions will be taken by the bank onto NPL borrowers either do litigation; LOD, NOT, Summon, or Judgment. The NPL borrowers also suggested to do reschedule and refinancing (R&R), Workout Proposal, Capitalize, or Write-off to lighten the NPL borrower's burden.