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UNIVERSITI TEKNOLOGI MARA  
CAWANGAN KELANTAN

**“DETERMINANTS OF LOAN REPAYMENT AMONG  
AMANAH IKHTIAR MALAYSIA (AIM)  
BORROWERS IN KOTA BHARU”**

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## LETTER OF SUBMISSION

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Dear Sir,

### **SUBMISSION OF PROJECT PAPER (FIN 667)**

Attached is the project paper entitled "A STUDY ON DETERMINANTS OF LOAN REPAYMENT AMONG AMANAH IKHTIAR MALAYSIA (AIM) BORROWERS IN KOTA BHARU" to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.

Yours Faithfully,

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## ACKNOWLEDGEMENT

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***“In the name of Allah, the Merciful, the Beneficent”***

Alhamdulillah, Glory to ALLAH S.W.T., the most Gracious and the most Merciful is upon his messenger Holy Prophet Muhammad S.A.W. I am very grateful to Almighty Allah S.W.T for giving me strength and opportunity to complete this final project paper. Without His Grace and Mercifulness, this project paper may not be complete on time.

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## **ABSTRACT**

Over the years, numerous researchers have studied on the effects of microfinance among the borrowers rather than studied about the determinants that influence loan repayment of microfinance. Despite there are few studies focus on loan repayment determinants, most of the studies were not drove by theory and merely focused on single factors. Therefore, this research is aims to investigate whether loan usage (LU), group lending approach (GLA), provisions of training (POT) and level of monitoring (LOM) have significant influence on the loan repayment determinant (LRD) of Amanah Ikhtiar Malaysia borrowers. Primary data are collected using self-administered questionnaire. The samples comprised 100 borrowers from Microfinance institutions (Amanah Ikhtiar Malaysia) in Kota Bharu, Kelantan. Meanwhile, Pearson Correlations and Multiple Regression Analysis are employed to identify whether the four determinants have relationship with the loan repayment of AIM borrowers. The findings show that all the LU, GLA, POT and lom have positive relationship with LRD while LOM has the greatest impact on LRD among the four independent variables. This signifies that institutions are playing important roles in ensuring their borrowers to making the repayment. In practical, this research can contribute to the lending institutions in designing effective strategies to lead successfulness of repayment performance among the borrowers. Besides, it also enlightens the public especially the borrowers to guide in making loan efficiently through the right side by knowing what the determinants that will help them in the future.