

UNIVERSITI TEKNOLOGI MARA

**ATTITUDE OF MARA BORROWER
TOWARD LOAN REPAYMENT**

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Dissertation submitted in partial fulfillment
of the requirements for the degree of

**Bachelor in Business Administration (Islamic
Banking)**

**Universiti Teknologi MARA
TERENGGANU**

December 2014

AUTHOR'S DECLARATION

I declare that the work in this dissertation was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This dissertation has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Post Graduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

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Dissertation Title : Attitude of MARA Borrower Toward Loan
Repayment

Date : 15 December 2014

CHAPTER 1

1.1 INTRODUCTION

According to Dr. Norhasni Zainal Abiddin, in view to the increasing number of entrepreneurs and students being offered for places in higher learning business and institutions, the government had taken an initiative to provide loans for most of the entrepreneurs and students. The main body that providing such facilities to the entrepreneurs and student in Malaysia is the government agencies. They are the major resources for the entrepreneurs and students to obtain business and study loans for their flexibility in applying and repaying it as well as low interest rate or interest free. While banks and other loan providers incurred higher interest rates and had very tight conditions for obtaining them. This government agency of business and educational loan provider had required for the entrepreneurs and students to report themselves to the agency soon after they completed their business and study and re-pay the loan at fixed amount one year. Based on the latest information of student's study status, the agency will prepare the Repayment Schedule which among other things consists of loan amount, loan period and the monthly repayment which need to be made by the students. As for students who graduated from overseas universities, the monthly repayment is much higher as compared to local university students due to larger loan size provided to those students. Normally, the repayment amount is computer generated figures however the agency would take into account the level and type of employment of the borrowers and the size of their salary. Notwithstanding, there are some cases where the borrower given less attention to the letter or warning sent to them that demanding them to pay back the loan. On some occasions, the letter sent to them will be returned to the agency for undelivered mails due to recipient not exist at that address. In other cases, some of the borrowers had started paying back the loans but stop doing it half way or inconsistency in their repayment even though reminders had to be sent to them and to the extent to issue them with Notice of Demand from lawyer. The Notice of Demand requested the borrowers to act within 14 days and failing to do so will be bound for further legal suit such as being summoned to the

court. If the borrowers still failed to settle the loan, the guarantors will also be responsible to pay back the loan. This is because before the loan been disbursed to the borrower, the borrower and the guarantors had to sign an agreement with the agency. All parties understand their responsibilities and a copy of the agreement were sent to the respective parties. Generally, this research was done in order to understand the problems of loan repayment at one of the major government agency which providing the educational loan. The main objectives in this research are what are the approaches and actions applied by the agency in recovering the loan. Then, what are the problems that caused the borrowers unable to pay or delay their repayment and what are the backgrounds of the problem borrowers.

1.2 MAJLIS AMANAH RAKYAT (MARA)

Majlis Amanah Rakyat (MARA) is an agency of the Ministry of Rural and Regional Development, established on March 1, 1966 under an Act of Parliament as a statutory body as a result of the first Bumiputera Economic Congress resolution on the previous year. It is the duty of the Council to promote, stimulate, facilitate and undertake economic and social development in the federation and in particular in rural areas. The vision of MARA is to be a superior organizational trust and blessed to uplift the race. After that, the mission of Mara is leading in Entrepreneurship, Education and Investment for Bumiputera equity dominance.

MARA is an autonomous body, responsible to the Minister of Rural And Regional Development. The MARA Council consists of the Chairman, Deputy Chairman and nine other members, three of whom are from the civil service. All Committee Members are appointed by the Minister of Rural and Regional Development.

The Director-General is the Chief Executive. He is assisted by three Deputy Director-Generals. The departments are headed by the Directors while the units are under the control of the Heads of Units. They carry out MARA's functions at the headquarters level. MARA is supported by 14 offices at the state level including the Federal Territory of Kuala Lumpur and Labuan and offices at the district level. In addition, MARA has

TABLE OF CONTENTS

	Page
AUTHOR'S DECLARATION	ii
ACKNOWLEDGEMENT	iii
TABLE OF CONTENTS	iv-v

TABLE OF CONTENT

TOPIC	PAGES
1.0 CHAPTER ONE	1
1.1 Introduction	1-3
1.2 Background of MARA	3-4
1.3 Problem statement	4
1.4 Research question and research objective	5
1.4.1 Research question	
1.4.2 Research objective	
1.5 Theoretical framework	6
1.6 Research hypothesis	7-8
1.7 Scope of study	8
1.8 Significant of study	8-9
1.9 Limitation of study	9
1.10 Operational definition	10-12
2.0 CHAPTER 2	
Literature review	13-17
3.0 CHAPTER 3	