
CREDIT ANALYSIS IN BANKS
WITH REFERENCE TO
BANK BUMIPUTRA MALAYSIA BERHAD

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ABSTRACT

Non - performing loans have been mounting on bank balance sheets during 1990s. The huge number of bad debts seems to reflect a clear decline in the banking community ability to assess credit worthiness accurately. The theories behind lending are well established but banks seemed to break down. It is important to know how banks deal with credit analysis which is the important activity in the lending process. The purpose of credit analysis is to assess the borrower's ability to repay a loan from normal asset conversions or from normal operating cash flows. Credit analysis focuses on two issues that are whether the customer can repay a loan and whether the customer will repay the loan.

For the data collection purposes the writer has adopted two common methods that were library research and interviews. Interviews were for getting information on credit analysis in the Bank and library research was for capturing ideas and to see the past study on this area. From the research, the writer was able to see the significance of loans and advances , the impact of loans and advances on the total assets and the total revenues of the Bank. Though loans and advances contribute income to the Bank , but the Bank still faces risk from non - performing loans which turn to bad debts for the Bank.