



**THE DEMOGRAPHIC FACTS TOWARD NON PERFORMING LOAN
: CASE STUDY OF BSN SARAWAK**

**RICHARD JUMAN ANAK ANDREW MANG
2005204612**

**BACHELOR OF BUSINESS ADMINISTRATION
(HONOURS) FINANCE**

**FACULTY OF BUSINESS MANAGEMENT
MARA UNIVERSITY OF TECHNOLOGY**

MAY 2009

ACKNOWLEDGEMENT

I wish to acknowledge with gratitude and appreciation to my advisor Dr. Abang Feizal bin Abang Ibrahim, who has been very helpful and provided me with much insight of information and guidance. I thank you for your invaluable and enduring support, commitment, encouragement and understanding throughout the preparation of this project paper.

I equally wish to extend my appreciation and thanks to Mr. Tan Han Bang, Miss Siti Rodziah Bunsu Drahman, Mr. Masan anak Kaya for their corporation and useful contributions, also Mr. Dolgani Dollah and Mr Nicksoon anak Nyotik for providing invaluable materials and relevant information in writing this paper.

I would to thank my family especially to my lovely wife, Rachel Ang Meng Hiang, my daughter Laurel Dawn Ang and my parents for their patience and understanding that serves as inspiration and encouragement throughout the entire preparation of this project paper.

Thank You Very Much

TABLE OF CONTENTS

Title	Page
Letter of Transmittal	i
Acknowledgement	ii
Table of Contents	iii
List of Tables	vi
List of Diagram	vii
List of Graphs	viii
Abbreviation	ix

CHAPTER ONE: INTRODUCTION

1.0	Background	1
1.1	Bank Simpanan Nasional Sarawak	1
1.2	Loans	2
1.3	BSN's Personal Loan	2
1.4	BSN Sarawak – Non Performing Loan	3
1.5	Problem Statement	4
1.6	Research Objective	5
1.7	Scope of the Study	5
1.8	Significance of the Study	6
1.9	Limitation of the Study	7
1.10	Definition of Term	7

CHAPTER ONE: INTRODUCTION

1.0 Background

Bank Simpanan Nasional (BSN) was incorporated on 1st December 1974 under the Ministry of Finance. With its incorporation, BSN has taken over all duties and responsibilities of the Post Office Savings Bank. BSN's mission is to encourage savings, investments and smart financial management among Malaysians to increase their quality of life.

BSN has more than 5,000 employees and more than 350 networks of branches. BSN also provides automatic teller machine (ATM) and Cash Deposit Machine (CDM) nationwide. BSN has more than 7 million customers spread throughout the length and breadth of the country and with savings of more than RM 8 billion. BSN is continuously enhancing its services as well as expanding its range of products for the benefit of its customers. BSN's main products include Personal Financing, Home Loan, Premium Saving Certificate (SSP), Islamic Banking Scheme, Giro Savings Account, BSN Matrix and Matrix-i Debit Card as well as VISA and MasterCard credit card.

1.1 Bank Simpanan Nasional Sarawak

As at March 2009, BSN Sarawak has 266 staff. It has 25 branches all over the Sarawak. It is divided into 7 zones which consist of Kuching, Padawan, Sri Aman, Sarikei, Sibul, Bintulu and Miri zone. Each zone will operate and be supervised by a Zone Head. The head quarter is at Jalan Satok, Kuching. The State manager is the person who is responsible to manage an operation as well as the asset product which is a core product that stimulates and generates profit income to the BSN Sarawak. The asset product comprises personal loan, mortgage loan, micro finance and credit card.

CHAPTER TWO: LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.0 Literature Review

2.0.1 Non Performing Loan

David R. Evanson (1999), a non-performing loan (NPL) is a loan that is in default or close to being in default. Many loans become non-performing after being in default for 3 months, but this can depend on the contract terms.

Bank Negara Malaysia (1997), In general, a loan is classified as non-performing when the principal or interest is due and unpaid for six months or more from the first day of default.

2.0.2 Personal Loan

Jessica Anderson (2008), a loan that establishes consumer credit that is granted for personal use; usually unsecured and based on the borrower's integrity and ability to pay.

Benedict Koh & Fong Wai Mun (2003) cited personal loan are extended top individuals to finance their general expenditures, the amounts of loan given depends on the purpose of the loan and collateral pledged.

2.0.3 Gender

Garland (2002) observed that retail banks usually operate on a long-term "cradle-to-grave" customer management strategy. This means that some customers may be regarded as being unprofitable in the short terms but become profitable over time. This situation according to Stafford (1996) has encouraged banks to identify the key demographics of their target market upon which they discriminate against women. Evidence revealing the