



**THE EFFECTS OF AMANAH IKHTIAR MALAYSIA LOAN ON
MICRO-ENTERPRISE: A CASE STUDY ON MACHANG
DISTRICT, KELANTAN**

SALBIAH BINTI ABDUL RAHMAN

2000133959

**BACHELOR OF BUSINESS ADMINISTRATION (HONS)
FINANCE
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA**

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ABSTRACT

Microfinance is programs offering small loans and other financial services such as saving, credit, insurance etc to poor families. The programs allow them engage in productive activities or grow their tiny businesses in intention to reduce poverty alleviation. In Malaysia, the famous micro-finance provider is Amanah Ikhtiar Malaysia (AIM). Amanah Ikhtiar Malaysia (AIM) was set up to disburse small loans on reasonable terms exclusively to the very poor households to finance additional income-generating activities.

Therefore, this research explores the effect of Amanah Ikhtiar Malaysia to micro-enterprises operating activities and financial condition in Machang districts only.

A study has been using 120 respondents where the samples were taken from the borrowers in Machang district only. The questionnaires design using nominal, ratio and Likert scale.

The findings will assist policy makers, development agencies and business organizations to ascertain the appropriate strategy to improve the micro entrepreneur sector in future.

1.0 INTRODUCTION

In recent years, the development community came to view micro-finance as an increasingly important component of strategies to reduce poverty and promote micro and small enterprises development. Internationally, micro-finance institutions have grown rapidly in number and size. In Malaysia, Amanah Ikhtiar Malaysia (AIM) is one of the active providers micro-finance services.

1.1 Background Of The Study

Therefore, this research explores the effect of Amanah Ikhtiar Malaysia to micro-enterprises operating activities and financial condition in Machang districts only.

1.1.1 Amanah Ikhtiar Malaysia (AIM)

Amanah Ikhtiar Malaysia (The Endeavor Trust of Malaysia) or AIM is one of Private Trust; registered under the Ministry of Legislative and established on the 17th September 1987. It was organized by University Science Malaysia and sponsored by the Selangor State Government and also Asia Pacific Development Center (APDC). AIM is one agency that compliments government programs to reduce poverty in Malaysia.