

**THE EFFICIENCY AND PROFITABILITY IMPROVEMENT OF THE
REHABILITATION OPERATIONS AND MANAGEMENT OF NON
PERFORMING LOANS:
A CASE STUDY OF BANK PERUSAHAAN KECIL & SEDERHANA
MALAYSIA BERHAD (SME BANK)**

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Ridza Ramza Ramli

Specially dedicated to my father; Ramli bin Idris....

Daddy, today I have completed what I had promised you 4 years ago. Although you are not here to witness, deeply in my mind and heart you are always here....I'm glad that I have fulfill my promise and your wish.....

Al - Fatihah

Mohd Prasad Hanif

I dedicate this to my father who has shown that simple hard work and persistence can result in greatness.

To my wife, this could not have come true without your patience and support.

STATEMENT OF ATTESTING

We, **RIDZA RAMZA RAMLI CGA 070169** and **MOHD PRASAD HANIF CGA 070141** hereby declared and confirmed that we had equally dedicated and contributed to the hard work for the completion of this Consultancy – Type Research Report entitled:

The Efficiency and Profitability Improvement of the Rehabilitation Operations and Management of Non Performing Loans: A Case Study of Bank Perusahaan Kecil & Sederhana Malaysia Berhad (SME Bank)

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EXECUTIVE SUMMARY

The comprehensive study on Rehabilitation Department is conducted to identify which segment within the process flow that requires improvement. The management of Non Performing Loans (NPLs) in a Bank is very crucial as these accounts are actually reflects the performance of the Banks. The Rehabilitation Department main task is to ensure proper administration of Non Performing Loans to be executed in order to maximize the recovery income to the Bank. The department also responsible to provides desirable result in term of manageable and acceptable NPLs rate for the Bank. The current process flow which has been used and practiced by the Bank requires some improvement as issues pertaining the delivery time and processing method are being questioned. Issues and problems are mainly created from internally and externally. It is vital for the Bank to address these issues especially the internal issues as it would effect the decision making process as well as the efficiency and profitability of the department. Analysis and thorough study has been conducted to the process flow, as a result, enhancement to the system is required. Special purpose mechanism are proposed; **Collateral Management Unit (CMU)** is designed to manage the NPLs by providing consultancy as well as to maximize the recovery income and a **Business Intelligent System (BIS)** should be adapted to ensure continuous and smooth information flow; Both of these would improve the efficiency and profitability of Rehabilitation Department.