

SECTION 2: Objective of the project research

Objective of Research Study

A consultancy-type research is conducted to review the SME Bank's current operations of Credit Guarantee Scheme. The objective of the study is to find solution for improvement on the problems/issues faced by the Bank. The information obtained during the research is reviewed and analyse in detail. It is hoped that through a systematic review of the information obtained, useful insights could be uncovered to help formulate a better strategy for the Bank's future operations of Credit Guarantee Scheme

Scope of Research Study

The scope of consultative-type research study is covering on the problems/issues that are faced by SME Bank, which are identified during the study. The focus is on the Credit Guarantee Scheme that is offered by the Bank since year 2006. The information is obtained from the past 3 years record until year 2009 and has been analysed for this research study.

Significance of Research Study

Credit Guarantee Scheme is important to many SMEs in obtaining financing to run their operations, particularly who do not have enough collateral. The scheme must be able to benefit the customers and viable continue offering this facility by SME Bank. The research will address the issues that highlighted above.

Methodology of Research Study

The research procedure adopted in this study is the case method (consultancy type research). A single case is conducted on SME Bank, engaged the information obtained from initiation of Credit Guarantee Scheme in 2006 to 2009.

A preliminary study was carried out, to test whether the necessary data can be obtained, and to see the extent of cooperation likely to be forthcoming from SME Bank.

There are 5 methods of data collection, namely:

- Information is obtained from the Bank's financial statements, annual reports, internal available documents such as the policies and procedures, guidelines etc.
- A literature search are also conducted
- Data from secondary sources, including industry studies, statistics, trade magazines and newspaper reports, journals and websites
- The author experience and personal knowledge of Credit Guarantee Scheme
- Personal interviews with management of SME Bank

The analysis for the case study will be qualitative in approach. The structure of Credit Guarantee Scheme will be studied and the problem areas located and analysed in term of how and why they arise within the arrangement. The effectiveness of the corporate decision making, policy formulation process will be analysed in the light of the practice.

The followings steps are taken to arrive to conclude the study, namely:

- A survey pertinent and relevant literature review that relates to the guarantee scheme.
- Identify the weakness in the existing scheme and suggestions for improvement.
- Identify the relevant success factors that can affect the performance of the Credit Guarantee Scheme.
- Collect and present empirical data on the problem faced by the Credit Guarantee Scheme.

Limitations of Research Study

The following are the limitation faced during the study:

- The accessibility of various business documents made available. The Bank is governed by Development and Financial Institutions Act, 2002 that requires secrecy on disclosure of customers' information.
- The evidence obtained from the commencement of Credit Guarantee Scheme in 2006 to 2009.
- Does not cover the legal aspects, in which it is outside the scope of the research.
- Time and resource constraint.