ABSTRACT

The most important profit earning tool of a bank is providing loans. Bankers are providing different types of loans under different categories by covering separate target groups. The "Deya Viru Pranama" is also such kind of special loan scheme that are being design on behalf of the military personnel under special and significance status. Three perspectives namely theoretical significance, empirical significance and stakeholder significance have been identified as the significance of this study. The main objective of this research study was to identify the impact of various factors that have been caused to increase transition to Non-Performing (Defaulted) category relevant to the "Deya Viru Pranama" personal loan scheme. Four major factors have been concerned as the factors that have the ability of impact on NPL of the bank. They are Demographic, Personal, Economic and Organizational Factors. The data were consisted both as quantitative and qualitative. Quantitative data was collected from the existing data of the bank and qualitative data was gathered through the discussion with Deputy General Manager (Recoveries) of the bank. 113 military personnel have listed as Non-Performing (defaulted) borrowers and all 113 Non-Performing borrowers and 50 regular (Performing) borrowers have taken as the research sample and 50 regular borrowers have selected randomly out of 2788 total Deya Viru Pranama loan borrowers in Kalutara district. SPSS (Version 22) software tool had been used to analyze the quantitative data. Binary logistic statistics had been used to get the confirmation of the fitness of the selected model. Narrative approach has taken when interviewing Deputy General Manager (Recoveries) to acquire qualitative data. Finally the significance relationships had been identified of five sub variables as Duration of Service of the borrower, Other Income, Number of Dependents, Granted Amount and Monthly Installment. According to the findings of the study, credit decision and loan granting mechanism should be restructured relevant to the Deya Viru Pranama personal loan scheme.

Keywords: Bank, non-performing loans, personal loans, military personnel, credit decision