**Case Study**

**Title:** Car Loan and its Financial Management  
**Group Name:** Group 10  
**Date:** 25th December 2024

# Introduction

Car loans are a vital financial tool that enable individuals to purchase vehicles by borrowing funds from financial institutions. This case study explores the dynamics of car loans, focusing on their structure, repayment mechanisms, and impacts on both lenders and borrowers. The objective is to analyze different loan packages, address common challenges, and propose solutions for effective car loan management.

# Loan Packages of Perodua Myvi 2024

| **Plan** | **Loan Amount (RM)** | **Down Payment (RM)** | **Interest Rate (p.a.)** | **Loan Tenure (years)** |
| --- | --- | --- | --- | --- |
| Basic Plan | 50,000 | 5,000 | 5% | 5 |
| Standard Plan | 50,000 | 10,000 | 4% | 5 |
| Premium Plan | 50,000 | 15,000 | 3% | 5 |

# Repayment Schedule

*Example for Basic Plan:*

| **Year** | **Principal (RM)** | **Interest (RM)** | **Total Payment (RM)** |
| --- | --- | --- | --- |
| 1 | 10,000 | 2,500 | 12,500 |
| 2 | 10,000 | 2,000 | 12,000 |
| 3 | 10,000 | 1,500 | 11,500 |
| 4 | 10,000 | 1,000 | 11,000 |
| 5 | 10,000 | 500 | 10,500 |

**Visualization:** A pie chart could be added here to illustrate the proportion of principal and interest payments over the tenure.

# Customer Profiles

1. **Young Professional**
   * **Income:** RM 3,000/month
   * **Chosen Plan:** Basic Plan
   * **Reason:** Lower upfront payment (down payment).
   * **Scenario:** A recent graduate looking to balance car ownership with student loan repayments and rental expenses.
2. **Family**
   * **Income:** RM 5,000/month
   * **Chosen Plan:** Standard Plan
   * **Reason:** Balanced interest rate and down payment.
   * **Scenario:** A family with growing expenses, focusing on affordability and manageable monthly payments.
3. **High-Income Individual**
   * **Income:** RM 10,000/month
   * **Chosen Plan:** Premium Plan
   * **Reason:** Lower total interest payment.
   * **Scenario:** A successful professional prioritizing cost savings over the loan tenure.

# Challenges

**Borrower Challenges:**

* High monthly payments.
* Risk of default due to unforeseen circumstances such as job loss or emergencies.

**Lender Challenges:**

* Risk of non-performing loans (NPLs).
* Competitive market reducing interest rates and profitability.

**Proposed Solutions:**

* Flexible repayment options for borrowers facing financial hardships.
* Enhanced risk assessment tools for lenders to better predict default risks.
* Loyalty discounts or benefits for borrowers with good repayment records.

# Conclusion

Car loans are essential in promoting vehicle ownership while balancing the financial capabilities of borrowers. Tailoring loan packages to different customer needs and implementing risk mitigation strategies can improve outcomes for both lenders and borrowers. This case study underscores the importance of adaptable financial products and customer-centric approaches in the car loan industry.