**Case Study**

**Title Page**

**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**

**Basic Plan**

* **Loan Amount:** RM 50,000
* **Down Payment:** RM 5,000
* **Interest Rate:** 5% per annum
* **Loan Tenure:** 5 years

**Standard Plan**

* **Loan Amount:** RM 50,000
* **Down Payment:** RM 10,000
* **Interest Rate:** 4% per annum
* **Loan Tenure:** 5 years

**Premium Plan**

* **Loan Amount:** RM 50,000
* **Down Payment:** RM 15,000
* **Interest Rate:** 3% per annum
* **Loan Tenure:** 5 years

**Repayment Schedule:**

|  |  |  |  |
| --- | --- | --- | --- |
| 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 |
| ... | ... | ... | ... |

**Customer Profiles**

**Profile 1: Young Professional**

* **Income:** RM 3,000/month
* **Chosen Plan:** Basic Plan
* **Reason:** Lower upfront payment //down payment

**Profile 2: Family**

* **Income:** RM 5,000/month
* **Chosen Plan:** Standard Plan
* **Reason:** Balanced interest rate and down payment.

**Profile 3: High-Income Individual**

* **Income:** RM 10,000/month
* **Chosen Plan:** Premium Plan
* **Reason:** Lower total interest payment.

**Challenges**

**Borrower Challenges**

* High monthly payments.
* Risk of default due to unforeseen circumstances.

**Lender Challenges**

* Risk of non-performing loans.
* Market competition reducing interest rates.

**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.