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**Executive Master of Business Administration**

**EMBA**

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**The Effect of Loans on Individuals with Limited  
Income in the Kingdom Of Saudi Arabia**

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*Student Name/Hanadi bamabad*

*Student ID/2002400*

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## **ExecutiveSummary:**

Obtaining of bank loans ranges for a very long while. Experimental examinations show that bank loans are more extraordinary for the two firms and Individuals. Loan procurement is an authoritative guarantee between two gatherings where one gathering, the loan, consents to give an amount of cash to an indebted person, who vows to return the cash to either in one single amount or in parts throughout a fixed timeframe. This arrangement may incorporate giving extra installments of rental charges (premium) on the assets loan to the debt holder for the time the assets are in the possession of the indebted person.

The limitless monetary exercises of these people and the voracious requirements and the way of life of laborers have required the decision for other monetary help either from the business or from their financiers. The reason and the recurrence with which limited income individuals take loans has become an issue for which this investigation has been led. Additionally, the monetary advantages got from these offices by these limited income individuals would need to be listed in examining the effect of its utilization on the way of life. This investigation likewise looked to decide the conduct practices of these mining laborers which have become a way of life issue in the mining networks as of late. The specialist utilized questionnaire and meetings in this investigation. Limited income individuals were sorted into junior staffs, senior authorities and the executives staffs. The questionnaire was intended for each of the three classes of laborers in Goldfields Ghana Ltd to be replied.

## **Background:**

The idea of loans is the debt that an individual owes - and for this situation you are that individual - to the bank who upholds him with cash; In request to accomplish one of its objectives, remembering that this term is utilized to incorporate good commitments and connections that are not founded on monetary worth.

The obtaining of loans has incredibly affected the lives and organizations of numerous recipients. A contextual investigation in Saudi and the Pacific, presumed that, family pay of families particularly limited income individuals with admittance to loan offices are fundamentally higher than for practically identical families without admittance to loan. In Indonesia a 12.9% yearly normal ascent in pay from borrowers was noticed while just 3% ascent was accounted for from non-borrowers. In Bangladesh, a 29.3% yearly normal ascent in pay was recorded from laborers who get cash in supporting their organizations and 22 percent yearly normal ascent in pay from non-borrowers. On account of India, 46% yearly normal ascent in pay of workers was accounted for among borrowers of cash for business purposes with 24% increment detailed from non-borrowers. The loan is acknowledged when the leaser consents to give the cash, and afterward it is consented to pay the first sum, and sometimes, the premium is added. In the field of money, loans are the ideal method to utilize future buying influence, as a protection system to dispatch little tasks, or to help organizations looking to stay on the lookout and under rivalry.

## **Types of Loans:**

### ***Real estate loan***

A few banks offer response to contract loans; In request to help residents purchase land that they can't pay for in one go.

For this situation, the loan addresses the cost of the property, while the purchaser pays portions to the bank to reimburse the loan to him, and the borrower gets responsibility for property, yet if the purchaser neglects to pay the estimation of the loan portion; It will imperil the medication and may make it be sold.

### ***Car loan***

This sort of loan assists you with purchasing a vehicle, and the installment is as indicated by the arrangement between the two gatherings, remembering that regularly scheduled payments are settled upon, and in case of default, the vehicle proprietorship is in danger. The loan supplier can sell it or take it back. This sort of loan is offered either by a bank or from a vehicle sales center, which requires a higher premium installment.

### ***Commercial loan***

This sort is viewed as the most famous; It is introduced to male and female business people, notwithstanding the proprietors of medium and little endeavors.

The loan can be before the beginning of the venture, at its initiation, or to loan the undertaking circumstance when all is said in done. For this situation, the actual task is at times a decent assurance for the loan supplier.

### ***A debt reimbursement loan***

This sort means to encourage the debt reimbursement measure; where he can take care of MasterCard debts, and the loan is paid in less extreme portions than paying debts exclusively, and it is additionally described by its lower interest, and the assurance of lighter regularly scheduled payments.

### ***Impact loan***

An effect advance is a loan that perceives supportable speculations and prizes the borrower with a lower loan fee. Banks frequently make this sort of loan accessible to little and medium-sized endeavors to boost more reasonable activities.

These sorts of loans may need the monetary help of improvement banks or state-financing offices to accomplish a low loan cost. For this situation the danger and reward and shared across the private bank and public improvement bank.

Advance candidates should legitimize that they meet at least one models as characterized by the loan specialist. Reliant on industry and topography, these models might be natural or potentially friendly execution based and require outsider acloanation programs, government names or others.

### ***Securing loan:***

A procurement loan is searched out when an organization needs to gain a resource or organization however needs more fluid money to do as such. The organization might have the option to get more good terms on a procurement advance in light of the fact that the resources being bought have a substantial worth, instead of capital being utilized to subsidize every day activities or to deliver another product offering.

The substantial resource can be utilized as insurance for the advance. On the off chance that the borrower defaults on the advance, the bank can recover the resource that was bought with the assets and afterward sell the resource for cover the neglected segment of the loan.

At the point when a procurement advance is applied for and affirmed, it should be utilized inside the distributed time-frame for the reason determined at the hour of utilization. In the event that it isn't, the advance is not, at this point accessible. When the loan is taken care of per the installment plan, no more assets are accessible. Along these lines, it is unique in relation to a loan extension.

Securing loans can likewise be utilized for the acquisition of another organization. In this example, the procuring organization needs to decide whether the objective organization's resources establish satisfactory security to cover the advance required for its buy. It should likewise decide if the joined organizations can produce sufficient money to take care of the loan, both the head and the premium. Now and then, when an obtaining is especially enormous and convoluted, a venture bank, law office, and outsider bookkeeper cooperate on the design of the loan to ensure it is appropriately organized.

### Kinds of Acquisition Loans

As there are a wide range of sorts of acquisitions that require various necessities, there can be a wide range of kinds of obtaining loans. Coming up next are a portion of the more normal securing advances accessible to organizations and people.

- *Startup Loan*



On the off chance that you don't have a business right now however are hoping to buy a business, you can apply for a startup loan. Startup loans are offered by ordinary banks, the Small Business Administration (SBA), and different moneylenders. Prior to being affirmed for a startup loan, you should show to the moneylender that you have the right stuff and capacity to work a business, and you might be approached to make an up front installment on the business.

- ***SBA Loan***

SBA loans are upheld by the SBA, up to 85% of the advance, and are, consequently, thought to be safer if a borrower defaults. This permits a borrower to get better financing costs and installment windows for the advance. The SBA has a broad system set up to help borrowers track down the correct moneylender just as some other help required all the while.

- ***Business Expansion Loan***

A business development advance is one that is given to people that right now possess and work a business. This permits the loan specialist to see direct how dangerous the possibility of loaning may be. It additionally permits the bank to check the capacity of the borrower to maintain a business beneficially and to repay the loan. Business development advances regularly necessitate that a business has been in activity for a specific measure of time before the bank will expand financing.

- ***Gear Financing***

Gear financing isn't a kind of loan yet financing with specific specifications set up to buy hardware for a business. For instance, in hardware financing, the resource being

bought is the security for the loan. This as a rule eliminates the requirement for extra insurance or a careful loan check.

### *Strategy for Loan Acquisition*

All in all, specialists concur on loaning strategies or modalities utilized in allowing loan offices by enormous and little banks lately to their clients. They recognize monetary report loaning, resource based loaning, loan scoring, and relationship loaning (Mitchell, 2004). Regularly, most banks typically issue structures to their borrowers in looking for data about their present status, their loan value and whether they could be given a specific sum mentioned.

Limited income individuals and corporate bodies obtain structures from the loaning organizations; complete these structures expressing the purposes behind the loan, terms of reimbursement, the sum in question and other contact subtleties. Most people or workers present an approval letter endorsed from their managers submitting them of the loan allowances at source till the loan is completely paid.

Bank loans are appropriate for ventures that yield returns. These speculations offer the best protection against any looming monetary tempest that may hit a person. A sound speculation prompts beneficial business. A loan is a generally excellent wellspring of speedy funding to infuse into a business. Researchers contend that bank loans are

perhaps the main short and long-term financing sources in numerous nations for the two people and corporate bodies.

***Loan procurement:***

Sourcing cash from bank might be accomplished for an assortment of reasons. As per Brian (2008), taking a loan has stayed extraordinary these days. A huge number of individuals are utilizing bank loans to set up tremendous ventures just as exceptionally worthwhile organizations remembering speculations for homes and are procuring monstrous additions from these ventures. Brian (2008) stressed that Bank loans are monetary bundles which help most people and corporate substance to seal a deficiency in their monetary plan or assist them with setting up a business or purchase stock. Loans, indeed, are monies loaned to clients with the goal that they can apply it to anything they desire to do, at that point reimburse the bank after some predefined timeframe. The reasons for loan obtaining are assorted. It has been seen that various individuals gain loan for various purposes. As per Ayeebo (2010), everyone has, in any event once, been experienced with anloan exchange before whether formal or casual. He further accentuated that we take loans from companions, sisters, siblings, bosses, and all the more particularly the cash loaning monetary organizations, for example the

banks and other nonbanking monetary organizations. Numerous proper loans are acquired with the comprehension of offering back the first loan taken along with some type of revenue on it, so the bank could profit for the chance lost in not putting his/her cash in another speculation to procure them some retur

***The economic impacts of loans on the Saudi government:***

The impact of the measure of cash gave as bank advances on monetary improvement is featured by the principle advocate of monetarism. The relationship coefficients between the adjustment in cash and the ostensible yield range from 0.79 to 0.92 per study period measure the time delays in the viability of monetary approach in a scope of 12 two years, with the greatest development in the measure of cash being ahead of year and a half in front of the pinnacle of monetary development. The base measure of cash development, as per his estimations, will be reflected in the economy as a downturn prior, with a timespan a year. Likewise, the cash supply is perceived as a self-sufficient exogenous amount given by the national bank, which influences other macroeconomic factors.

Presently, the association between bank execution (estimated, for instance, through loaning rate) and monetary execution is a lot nearer. This is because of the huge size of

globalized and furthermore neighborhood monetary business sectors because of the size of the economies and their effect on business exercises. Today there is a more serious level of interconnectivity of monetary business sectors and monetary turn of events. The last verification is absolutely the monetary emergency in the USA. It grew principally in the monetary area and gushed out over into a public money emergency and a monetary decline in the monetarily significant nations on the planet and Saudi Arabia. Thusly inspecting the connection between bank loaning and monetary improvement has acquired significance. Among the different works different markers of loaning are utilized to quantify monetary execution. These commitments can be partitioned into three fundamental gatherings. The most huge regarding numbers is the gathering of monetary experts who have faith in the positive effect of bank advances on monetary turn of events. Levine and his business analysts in their works inspected different blends of the impacts of the liquidity of securities exchanges and banks (all things considered, monetary intermediation) on monetary development, capital collection and expanded efficiency. All the abovementioned, as indicated by the creators, is decidedly affected by the exercises of banks. The significance of advances to lawful substances (organizations) acts over a more drawn out period, in light of the fact that their ventures lead to additional development. Banu (2013) zeroed in on whether or not an economy, explicitly the Romanian economy, would be fit for monetary development without loaning. Without the loans gave to the private area, the Romanian economy would not develop, as no new ventures would emerge. On the other hand, low reliance was found between advances to the public area and monetary development.

There are likewise considers that don't show any critical connection between the loans gave and monetary development. For instance, Takats and Upper (2013) explored the

impact of bank advances on monetary development after the monetary emergency based on information from 39 monetary emergencies that had been gone before by a loan blast. They tracked down that a declining measure of bank loaning to the private area doesn't really upset monetary recuperation after a monetary emergency. In these emergencies, changes in the pace of bank loaning, either in genuine terms or according to GDP, don't associate with development during the initial two years of recuperation. In the third and fourth year, the relationship turns out to be genuinely critical, yet stays in huge in monetary terms. De Gregorio and Guidotti (1995) tracked down a positive relationship between's the development pace of bank advances to the private area and the development of GDP, however the effect fluctuates in various nations. In Latin American nations, the relationship is really negative. Their reasoning was the new monetary advancement in these business sectors joined with a helpless degree of administrative structure. They likewise underline that the principle strategy whereby the development of loaning influences monetary development is essentially that these loans should be accommodated powerful undertakings; i.e., not a basic measure of these advances.

In view of the rundown referenced above, plainly examines are pervasive which affirm the rationale of the loan channel of the monetary strategy transmission instrument and show a positive connection between the development of loaning and the development of the economy. This relates to the current winning hypothetical information on bank commitments through cash issuance by giving bank advances to develop the economy.

***The economic impact of reducing non-performing loans***

The ascent of non-performing advances is a remarkable component of monetary emergencies. The new worldwide downturn was no exemption – inside the alone, the volume of NPLs comparative with GDP dramatically increased somewhere in the range of 2009 and 2014. Creating markets are currently wrestling with comparative troubles. In 26 nations, the proportion of non-performing loans to add up to advances by and large surpassed 10% in 2015 as per the World Bank information.

The ascent in awful obligation during seasons of monetary pain is hazardous, however unsurprising. What makes the current circumstance distinctive is the solid ingenuity of NPLs. After the Saudi emergency of 1997-98, the normal NPL proportion declined quickly all through the 2000s; after the 2008 emergencies the normal NPL proportion has been edging up consistently

The worry is that industriously high NPLs lock in the slow idea of recuperation. For borrowers, delays in the red reimbursement make getting further loan more troublesome, which frequently prompts a second round of obligation default and firm insolvency. Moneylenders are influenced, as well. A bank tormented with a high load of NPLs is probably going to zero in on inner union and improving resource quality as opposed to giving new loan. A high NPL proportion requires more noteworthy advance arrangements, which decreases capital assets accessible for loaning, and marks bank benefit. There is proof that high NPL stock is a critical indicator of bank disappointment, and misshapes bank's expense design and effectiveness. An illustration of such twists is the situation of 'zombie loaning' by Japanese banks to save enterprises tormented by awful obligation, which prompted misallocation of capital and log jam of monetary development during the mid-1990s.

However the proof on the greatness of the effect of develops in NPLs is scant, to some extent in light of the fact that NPLs themselves are a result of feeble development. Vector auto regression investigation gives a few evaluations, yet doesn't recognize increments in NPLs and NPL decreases or take a gander at the hidden drivers of decreases in NPLs.

To address these issues, we centre on scenes of high and diligent NPLs and recognize various sorts of NPL decrease scenes during 2014 of every an expansive example of 100 nations. This empowers us to zero in on the cases of considerable decreases in the NPL proportion of at any rate 7 rate focuses that need not have a similar monetary effect as NPL increments or little changes in the NPL proportion.

We further recognize 'detached' decrease scenes that are driven generally by the extension in new loan, and 'dynamic' scenes where at any rate 60% of the decrease is driven by a drop in the supply of NPLs. The 'control' bunch are scenes of 'delaying' when a NPL proportion of at any rate 7% endures for in any event three continuous years without a descending pattern.

To watch that dynamic NPL decreases reflect strategy decisions and dynamic estimates taken rather than by and large ideal monetary conditions, we build a novel dataset of story proof on different scenes drawing on reports by governments and global bodies, just as scholarly writing. Dynamic estimates range from formation of particular resource the executives organizations with public capital or rebuilding including terrible banks and great banks , a strategy conveyed by Sweden in the mid-1990s and embraced later by Mexico, China, and others, to the foundation of concentrated out-of-court obligation exercise program (utilized, for example, by the administrations of



Korea, Thailand, Indonesia, and Malaysia during the 1990s), to making charge motivating forces for NPL discounts.

Incidentally, in just nine cases did scenes of NPL decrease coded as 'dynamic' need account proof of explicit strategies that boosted a drop in NPL stock. We likewise utilize an elective grouping of scenes dependent on the gathered account proof.

Determination into 'dynamic' decrease scenes is probably not going to be totally irregular. Specifically, activities seem, by all accounts, to be almost certain if NPL proportions are high while economies with a lower for every capita pay and economies with lower introductory obligation to-GDP proportions are bound to have the option to 'develop out' of a NPL scene inferable from resumption of quick loan development. Simultaneously, both dynamic and detached scenes on normal beginning at practically indistinguishable NPL proportions, and these proportions tumble to similar level, the normal level for nations without a NPL issue. In fact, the occurrence of dynamic, uninvolved and dawdling scenes is reasonably equally dispersed across estimations of NPL proportion, easing worries that the frequency and kind of NPL decrease is identified with the power of the NPL issue.

We look at the monetary effect of different sorts of scenes utilizing penchant score coordinating to control for potential determination inclination. We utilize two unique arrangements of factors to control for introductory contrasts in the design of monetary business sectors and general macroeconomic conditions.

The investigation uncovers that nations that decreased their NPL proportion experienced quicker GDP development and contributed more than those that let NPL deteriorate. We track down that this impact was more grounded in the aloof gathering, yet not measurably altogether so. The results on account of dynamic scenes are

fundamentally better compared to for the stalling bunch – consistently the NPL issue isn't tended to costs the economy more than two rates focuses regarding per capita GDP development.

Dynamic strategies to determine NPLs are related with momentary expenses. They depend on adequate capitalisation of banks considering full provisioning of non-performing openings and their discount or deal at limited costs. Incorporated arrangements including all around promoted state-supported terrible banks, resource the executives organizations, or huge assessment motivators for NPL goal likewise convey a monetary expense. Dynamic approaches likewise require solid regulatory limit and legitimate systems strong of NPL goal. Consequently, as rule specialists need limit regulatory or monetary or readiness to send dynamic approaches to address NPLs. However precise investigation of the past scenes of high and relentless NPLs proposes that the momentary cost of dynamic NPL goal is definitely worth paying.

Provisioning against defaulted advances will likewise risk the monetary wellbeing of numerous organizations. Banks need to keep arrangements against their non-performing advances according to the national bank's rules. The arrangement sums are kept beside the banks' benefits. When provisioning sums become higher than the benefits of a bank, it needs to arrangement sums from its capital, which can bring about capital shortages. Capital deficiencies thus hamper exchange exercises with abroad banks.

It should be referenced here that our state-possessed banks and some private banks are likewise confronting capital deficiencies because of credit defaults of a decent number of huge borrowers. If there should be an occurrence of government banks, capital deficiency sums had been recharged through open cash; the public authority has burned

through huge number of crores of taka somewhat recently to recapitalise incurable government banks.

The tremendous measure of NPL will speed up the working expenses of the banks, which will expand the loaning rates. This situation will make it hard for the great borrowers to get credits at sensible rates. This may likewise bring about borrowers not getting advances because of liquidity crunch. A taking off NPL may likewise intensify the liquidity emergency and banks' capacity to pay the cash to its contributors, which can possibly trigger the banks' reputational hazard.

#### ***Dangers of loan procurement:***

In performing exercises, for example, allowing of loans to clients, banks face an enormous number of dangers, including loan hazard, market hazard, liquidity hazard, operational danger, and so forth Limited income individuals face the danger of expansions in month to month loan re-installment sum deducted when there is an unforeseen expansion in the Bank of Ghana prime rates. The business' gross loans and loans developed by 47% from 2007 to 2008 with a huge piece going into the trade and

account area. The genuine center business of banking is the beneficial administration of dangers. Dangers are the vulnerabilities coming about because of unfavorable varieties of benefit or in misfortunes. Among the different dangers looked by banks, loan hazard is the main. Loan hazard is the occasion wherein clients default, implying that they neglect to agree with their commitments to support debt or loan gained. It is basic since the default of few significant clients can produce huge misfortunes. Banks' endurance and capacity to contend relies preeminent upon their capacity to productively deal with such a danger. Since the reaction of banks to vulnerability is resolved partially by the degree of their hazard avoidance, they may utilize loan proportioning to diminish default hazard.

Loan agreements determine the sum acquired, the interest and non-value terms like guarantees, which compel the borrower to diminish default. As the terms of agreement change, the conduct of the borrower is probably going to change. For example, raising the loan cost diminishes the profit from projects. This could be because of the way that higher financing costs incite borrowers to embrace projects with lower likelihood of accomplishment however those with better yields when fruitful, borrowers have the inclination of taking higher loans regardless of high loan fees.

### ***Adaptability of Loan Repayment***

The writing on factors impacting loan securing and reimbursement capacity among monetary establishments and people is exceptionally scanty and restricted mostly to microfinance experience in low-pay nations. In view of past writing, the variables influencing reimbursement capacity of loan recipients can be partitioned into four to be specific individual/borrowers factors, firm factors, loan components and loan specialist

factors. A few investigations show that when a loan isn't reimbursed, it could be an aftereffect of the borrowers' reluctance as well as failure to reimburse.

The banks should screen the borrowers and select the "great" borrowers from the "awful" borrowers and screen the borrowers to ensure that they utilize the loans for the proposed reason. This is critical to ensure the borrowers can repay their loans. It is necessary to take a gander at a borrower's previous record and monetary possibilities to decide if the borrower is probably going to reimburse or not. Other than characters of the borrowers, guarantee necessities, limit or capacity to reimburse and state of the market ought to be considered prior to offering loans to the borrowers.

### *Loan Repayment Defaults*

There are two potential explanations behind loan default: key default or default because of a negative monetary stun. The loaning contract gives motivations to debilitate vital default, yet default because of a monetary stun is unavoidable. Conversely, Hulme and Mosley contend that the significant variables adding to loan reimbursement execution are the plan highlights of the loan. They arrange the plan highlights into three classifications specifically access strategies, screening techniques and impetus to reimburse. Access strategies by and large guarantee that destitute individuals access the loans not the more extravagant individuals and the highlights incorporate greatest loan

roofs and high loan cost. Screening strategies are utilized to screen out terrible borrowers.

The arrangement of non-monetary administrations like preparing, fundamental proficiency and wellbeing administrations decidedly affects reimbursement execution. The borrowers that didn't have any preparation corresponding to their business, representative individual monetary conduct and how loans ought to be applied productively have a higher likelihood to default.

Second, are the attributes of loaning establishment and reasonableness of the loan item to the borrower, which make it far-fetched that the loan would be reimbursed. Third, is deliberate danger from the outside variables, for example, the monetary, political and business climate in which the borrower works track down that individual loaning has three components specifically the interest for non-ordinary security, a screening technique which joins new with customary components and dynamic motivations in mix with the end danger in the event of default, which guarantee high reimbursement rates up to 100%. The nearby and casual connection among MFIs and borrowers may help in checking and early location of issues that may emerge in non-reimbursement of loans.

## Literature Review:

There is a recently arising writing expecting to address the inquiry: "what is the social and monetary effect of loans on the spending and debt conduct of low-pay people?" This is a significant inquiry, since low-pay families are regularly described with generous acquiring limitations. Regardless of whether those projects can loosen up those acquiring limitations and create a monetarily huge spending and debt reaction isn't surely known

As indicated by Peacocks (2010), loans could be gotten, unstable or requested. Gotten loans are collateralized while unstable loans are without guarantee. The interest loan is a transient loan which doesn't have fixed dates for reimbursement and conveys a gliding loan fee which shifts as indicated by the excellent rate. This loan can be "called" for reimbursement by the loaning foundation whenever

### ***Positive Impact on people way of life and Productivity***

Swope, T. (2010) contended that in 1996 the United Nations Children's Fund discovered proof from a contextual analysis directed in Vietnam, that 97% of borrowers fundamentally expanded their family pay somewhere because of effective utilization of loans in the organizations. The fruitful loan applications were motivated by the longing to light up rooms, washrooms and kitchens across the land. Home improvement loans request that a bank loan you cash so you can improve your home. Much of the time a home improvement loan is allowed depending on the prerequisite that you give the moneylender a subsequent position contract on your home. Thusly, the loan sum can once in a while surpass the valuation cost of your home - including the expanded worth after the enhancements have been made. Once more, home improvement loans

ordinarily should be paid by regularly scheduled payments; nonetheless, one-off, installments are likewise at times acknowledged.

A technique dependent on the joint quest for specialist prosperity and representative efficiency is at the core of the whole personal satisfaction development. It pays for managers to be keen on the health of their workers. For each dollar spent on psychological well-being and substance misuse treatment is saved in friendly administrations costs. Managers find that there is a five-to-one return for each dollar spent on a worker help program, with a considerable investment funds on medical care benefits. When familiar with monetary schooling preparing at a worksite, 63% of members are more disposed to seek after monetary training all alone. Later on, businesses are progressively prone to help their workers manage monetary issues for awesome reasons, it builds work efficiency, decrease expenses, and makes limited income individuals more joyful.

The individual's monetary health incorporates the abstract view of individual accounting records, the conduct evaluation of individual budgets and fulfillment with the individual monetary circumstance. Garman showed that by not recognizing or perceiving what individual monetary issue means for laborers and not managing monetary circumstance of their focused on specialists, businesses have avoided a fundamental segment with regard to their primary concern computations.

Swart demonstrated that the way of life of workers or individual will decide patterns and inclinations (particularly with respect to spending). Garman, Leech and Grable show that the extent of laborers encountering monetary issues because of helpless use of loans and different wages which contrarily influence their way of life and on efficiency for a solitary boss could go as high as 40% to half.



### ***Social effect of Loan Acquisition on their way of life and profitability***

Limited income individuals feel great when society remembers them as dedicated by obtaining properties like vehicles, setting up Buildings, having great investment account, and developing a propensity that is generally acknowledged by society. Botes expressed that propensities can form into thought processes in human conduct; each representative builds up his/her very own response example and set of thoughts. Researchers further expressed that to comprehend an individual's conduct in his work space one should take a gander at his physical and mental capacities on how he utilizes his assets, his thoughts on why loans are gotten, his asset the executives abilities and his conclusions and biases. All these join to make him/her the individual he/she is regarding character and character in the public arena. Social thought processes, propensities as intentions, fanatical conduct and obscure thought processes add to the monetary shortcoming of limited income individuals. The individual is overwhelmingly a social being and during his/her life, he interacts with other people in a gathering relationship most particularly with the mining laborers like his/her own family, working climate, church local area and ideological group, social and sports.

### ***Negative Impact on individuals` Lifestyle and the business***

Limited income individuals obtain loans for different purposes. At the point when loans are not appropriately overseen can cause a great deal of mischief intellectually to laborers. Psychological sickness and substance maltreatment because of poor monetary administration cost the Saudi Arabia an expected \$273 billion every year in therapy of costs, lost and diminished worker efficiency, law requirement endeavors, and other related expenses. Bosses accept an enormous part of the expenses loaned to dysfunctional behavior and substance maltreatment as treatment advantages and

anticipation programs, lost work days, and decreased representative efficiency. About 10% is a moderate gauge of the quantity of limited income individuals in the working environment with monetary challenges. Others additionally report that an extent of laborers experience issues with their individual budgets to the degree that it contrarily impacts their profitability. A higher gauge was made that 28% of laborers report that individual accounting records have adversely affected their profitability in the previous year. Around 15% of laborers are at present encountering pressure from individual monetary missteps and indiscreet practices just as from poor monetary practices to the degree that profitability is adversely affected.

Contingent on such factors as representative pay levels, scopes old enough and stage in the existence cycle, and the expenses of living, the extent of laborers encountering monetary issues that contrarily sway profitability for a solitary business could go as high as 40 to half. Laborers' monetary pain causes interruptions that interfere with execution, participation, and in general profitability. About 60% of laborers are encountering moderate to undeniable degrees of monetary pressure. He says that 30 to 80 percent of monetarily bothered laborers invest energy at work stressing and managing monetary issues as opposed to working.

All things considered, such laborers squander roughly 13 to 25 percent of their work time managing individual monetary issue. As per various investigations, laborers' monetary issues can likewise add to higher manager medical services costs. Laborers refer to monetary issues as their most continuous reason for pressure, and 75 to 90 percent of specialist visits are identified with pressure. Workers' hypertension, sleep deprivation, strain, uneasiness, gloom, migraines, stomach and stomach related issues, ulcers, weariness, and substance misuse are all stress related. Laborers who are monetarily focused on are bound to go to drinking, smoking, indulging and other

undesirable adapting practices. Liquor and medication misuse alone may cost businesses up to 10 percent of finance costs. The American Institute of Stress assesses that 60 to 80 percent of hands on mishaps are pressure related. Those mishaps can prompt expanded incapacity and laborers remuneration cases, and openness to risk, notwithstanding expanded non-appearance and lost profitability.

### **METHODOLOGY:**

An exploration configuration is an itemized and consistent framework that fills in as a manual for the specialist in the assortment, examinations and the understanding of the information on noticed wonder. Bryman (2004) distinguishes five unique kinds of exploration plan which are exploratory plan, cross-sectional or review plan, longitudinal plan, contextual investigation plan, and relative plan. This investigation utilized the study configuration to gather data on singular limited income individuals, their perspectives on loan procurement, the advantages got from these loans and their effect on the way of life of laborers who are loan recipients. The examination focused on three classifications of workers in the organization to be specific administration, ranking staff and junior staff.

A sum of 130 respondents comprising of agreement staff, junior staff who have worked for over one year were at first tested for the investigation. Out of 130 limited income individuals who were given out the questionnaire, 120 addressing 92.3% reacted to the inquiries. The example size for the examination consequently was 120. This was comprised of 4 agreement staffs, 63 junior staffs, 41 senior staffs and 12 administration staffs.

## **DATA COLLECTION**

Information for the examination was gathered fundamentally through Interviews and the organization of semi-organized poll to respondents. Two kinds of survey were controlled to workers in the mining organizations. One kind of the survey was directed to the inspected junior staffs, senior staffs and the administration staffs who are lasting workers in the organization. The other sort of the poll was intended to accumulate information on their ways of managing money which affect their way of life. All arrangements of poll contained shut finished inquiries with proposed answers where they were made to browse those substitute answers. The individuals who were educated could scarcely figure out how to dedicate to finishing the poll. Because of the abovementioned, for an enormous piece of respondents, the up close and personal meeting strategy was utilized. By this strategy, each question and comparing set of answers were perused out and deciphered in two vernaculars where vital (Twi and Fante) to empower them comprehend and answer the inquiries suitably. Reactions produced from respondents demonstrated that the two meetings and questions would fill the need of the exploration work.

## **DATA ANALYSIS:**

### **Study tool**

The research used the electronic questionnaire form as a tool for the field study and the questionnaire included four axes and The five-point Likert scale consists of strongly agree (5), agree (4), neutral (3), disagree (2), and strongly disagree (1) in answering the questions of the axes of the questionnaire, The questionnaire form consisted of 31 phrases

### **Validate the study tool**

The current study relied on calculating the validity of the questionnaire on both constructive validity and self-validity:

### 1- Self-honesty:

The reliability factor of the questionnaire was calculated, and then the self-validity factor of the questionnaire was calculated through the following equation:

$$\text{Validity factor} = \sqrt{\text{reliability factor}}$$

$$\text{The validity factor of the questionnaire} = \sqrt{0.935} = 0.967$$

The value of the self-validity coefficient of the questionnaire shows that it has a high degree of validity, and is suitable for application to individuals of the study sample.

### 2- Constructive validity:

The constructive validity of the questionnaire was verified, as the study tool was distributed to an exploratory sample consisting of (20) individuals from the study community and outside the application sample, in order to determine the extent of the internal homogeneity of the study tool, where the results are as follows:

**Table (1) Correlation coefficients between the score for each phrase and the total score**

N.	Phrase	Correlation coefficient
<b>The positive effect of loans on individuals' lifestyle</b>		
١	<b>Loans contribute to improving the social and economic level of individuals</b>	<b>**٠.٦٧١</b>
٢	<b>Loans help individuals make the expansion and repairs they want in their homes</b>	<b>0.743**</b>
٣	<b>Loans increase the financial and purchasing power of individuals</b>	<b>**٠.٦٢١</b>
٤	<b>Loans contribute to individuals' access to equipment and durable goods that improve the standard of living</b>	<b>0.783**</b>
٥	<b>Loans contribute to increasing individuals' ability to cope with emergencies</b>	<b>**٠.٨٢١</b>
٦	<b>Loans contribute to improving health services to individuals</b>	<b>0.673**</b>

٧	Loans contribute to increasing the ability of individuals to provide a high level of education for their children	**٠,٦٥٣
<b>The negative impact of loans on individuals' lifestyle</b>		
٨	Loans lead to an increase in individuals' extravagance and expenses	<b>0.389**</b>
٩	The loans lead to individuals gaining bad behavior and wrong practices	**٠,٤٥٢
١٠	Loans increase individuals' debts	<b>0.599**</b>
١١	Loans lead to psychological problems and stress on individuals	**٠,٧٩٠
١٢	Loans create social and life problems for individuals	<b>0.761**</b>
١٣	Loans increase the consumption of individuals	**٠,٧٧٣
١٤	Loans reduce the standard of living for individuals	<b>0.740**</b>
<b>The effect of loans on the level of individual productivity</b>		
١٥	Loans contribute to increasing the ability of individuals to work	<b>0.695**</b>
١٦	Loans increase the productive capacity of individuals	<b>0.868**</b>
١٧	Loans improve employment opportunities for individuals	**٠,٨٢٠
١٨	The loans work to implement all projects targeted by individuals	<b>0.701**</b>
١٩	Loans increase the ability of projects to benefit from the available human and technical resources	**٠,٨٩٨
٢٠	Loans contribute to solving problems facing troubled projects	<b>0.623**</b>
٢١	Loans contribute to raising capital for projects	**٠,٧١٥
<b>The impact of loans on the social life of individuals</b>		
٢٢	Loans contribute to improving the lives of individuals in society	**٠,٩٣٠
٢٣	The loans create positive change in society	**٠,٨١٠
٢٤	Loans contribute to integrating all individuals in community development processes	<b>0.851**</b>
٢٥	Loans contribute to creating many societal opportunities	**٠,٦٧٨

٢٦	Loans contribute to improving the behavior of individuals and reducing the rates of prejudice and wrong behavior	<b>0.734**</b>
<b>Impact of loans on sustainable development</b>		
٢٧	Loans contribute to achieving sustainable development in line with the Kingdom's 2030 vision	**٠,٧٦٠
٢٨	The loans are intended to provide all support to the economy	**٠,٧٩٠
٢٩	Loans lead to development in the income levels of individuals	<b>0.836**</b>
٣٠	Loans contribute to the development of all services that individuals need	**٠,٨٢٠
٣١	Loans contribute to meeting all requirements of economic development	<b>0.793**</b>

\*\*Statistically significant at the level of significance ( $\alpha = 0.01$ )

### The stability of the study tool

The stability of the dimension of the questionnaire was calculated using the Kornbach alpha coefficient for internal consistency, and the results were as follows:

**Table (2): Stability coefficient of the survey dimension**

Axis	Alpha Kornbach	number of elements
The positive effect of loans on individuals' lifestyle	٠,٨٣١	٧
The negative impact of loans on individuals' lifestyle	٠,٧٤٢	٧
The effect of loans on the level of individual productivity	٠,٨٧٥	٧
The impact of loans on the social life of individuals	٠,٩٢٢	٥
Impact of loans on sustainable development	٠,٨٥٧	٥
Total questionnaire	٠,٩٣٥	٣١

Source: Study sample data

It turns out that the value of the Kornbach's alpha for all measures of the study tool is high, which indicates that the study tool is of a high degree of stability and sufficient to achieve the purposes of the study.

### Results

#### Analysis of the questionnaire:

### **First: Personal data**

#### **■ Age :**

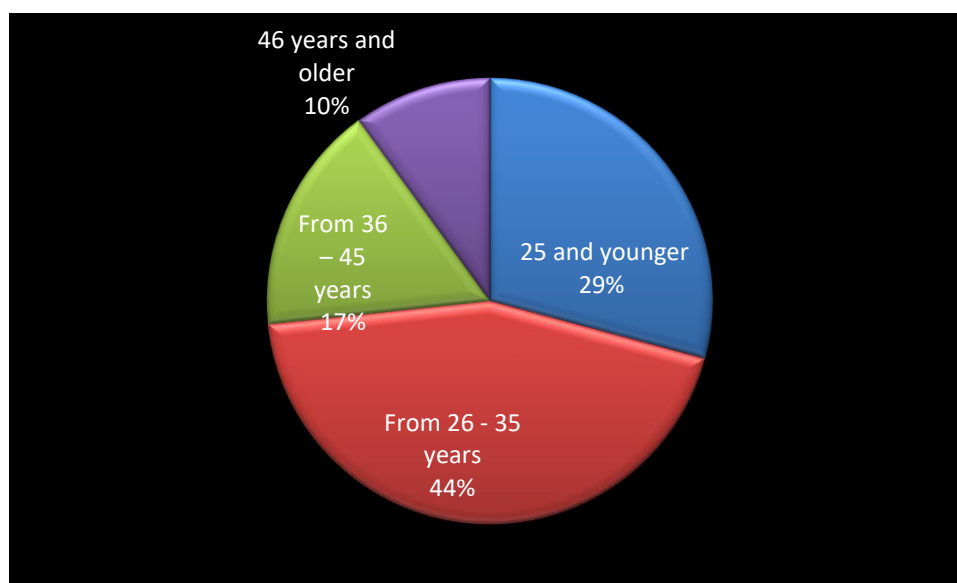
The study sample was divided according to the age into 4 categories. The percentage of the study sample individuals 25 years and younger was 29.17 % of the study sample, while the percentage of the study sample individuals aged between 26 - 35 years was 44.17 % of the study sample, while the percentage of the study sample individuals whose ages were From 36 - 45 years of age 16.67 % of the study sample, and the percentage of study sample individuals who are 46 years old and over is 10% of the study sample.

**Table (3) Distribution of the study sample according to age**

<b>Categories</b>	<b>N</b>	<b>%</b>
<b>25 and younger</b>	<b>35</b>	<b>29.17</b>
<b>From 26 - 35 years</b>	<b>53</b>	<b>44.17</b>
<b>From 36 – 45 years</b>	<b>20</b>	<b>16.67</b>
<b>46 years and older</b>	<b>12</b>	<b>10.00</b>
<b>Total</b>	<b>120</b>	<b>100</b>

**Source: Study sample data**

**Figure (1) Distribution of the study sample according to age**



**Source: Study sample data**



■ **Years of experience:**

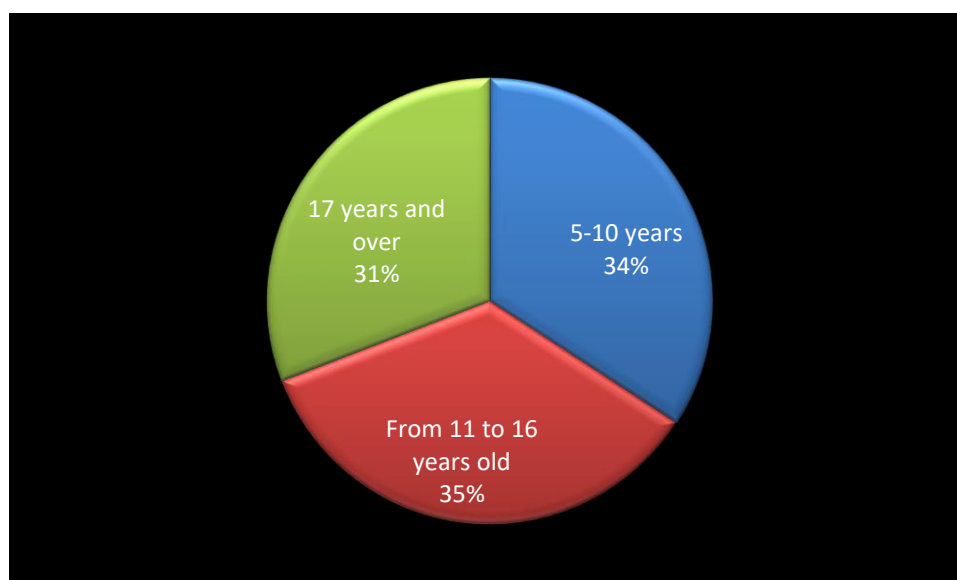
The study sample was divided according to the number of years of experience into 3 categories. The percentage of study sample individuals who have experience of 5 - 10 years is 34.17 % of the study sample, while the percentage of individuals The study sample whose experience reaches 11-16 years is 35 % of the study sample, while the percentage of the study sample individuals whose experience reaches 17 years or more is 30.83 % of the study sample.

**Table (4) Distribution of the study sample according to Years of experience**

Categories	N	%
5-10 years	41	34.17
From 11 to 16 years old	42	35.00
17 years and over	37	30.83
<b>Total</b>	<b>120</b>	<b>100</b>

Source: Study sample data

**Figure (2) Distribution of the study sample according to Years of experience**



Source: Study sample data

**Second: the Axis of study**

**The first axis: The positive effect of loans on individuals' lifestyle**

**Table (5) Phrases of the first axis**

<i>N.</i>	<i>Phrase</i>	<i>Strongly agree %</i>	<i>Agree %</i>	<i>Neutral %</i>	<i>Disagree %</i>	<i>Strongly disagree %</i>	<i>Mean</i>	<i>Relative weight</i>	<i>Degree</i>	<i>Arrang</i>
1	Loans contribute to improving the social and economic level of individuals	35.0	56.7	6.7	1.7	0	4.25	0.85	High	1
2	Loans help individuals make the expansion and repairs they want in their homes	33.3	36.7	28.3	1.7	0	4.017	0.803	High	3
3	Loans increase the financial and purchasing power of individuals	28.3	31.7	30	10	0	3.783	0.757	High	5
4	Loans contribute to individuals' access to equipment and durable goods that improve the standard of living	33.3	41.7	15	10	0	3.983	0.797	High	4
5	Loans contribute to increasing individuals' ability to cope with emergencies	41.7	30.0	18.3	10	0	4.033	0.807	High	2
6	Loans contribute to improving health services to individuals	26.7	35.0	26.7	11.7	0	3.767	0.753	High	6
7	Loans contribute to increasing the	20.0	36.7	28.3	15	0	3.617	0.723	Medium	7

	ability of individuals to provide a high level of education for their children									
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Source: Study sample data

All expressions of the axis the positive effect of loans on individuals' lifestyle were in the high plane except for the one expression in the intermediate plane and it shows the high level of the positive effect of loans on individuals' lifestyle from the viewpoint of the study sample, it turns out the general average 3.921

The second axis: The negative impact of loans on individuals' lifestyle

Table (6) Phrases of the secondaxis

N.	Phrase	Strongly agree %	Agree %	Neutral %	Disagree %	Strongly disagree %	Mean	Relative weight	Degree	Arrange
1	Loans lead to an increase in individuals' extravagance and expenses	25.0	33.3	30	11.7	0	3.717	0.743	High	5
2	The loans lead to individuals gaining bad behavior and wrong practices	10.0	16.7	38.3	25	10	2.917	0.583	Medium	6
3	Loans increase individuals' debts	25	53.3	16.7	3.3	1.7	3.967	0.793	High	2
4	Loans lead to psychological problems and stress on individuals	26.7	53.3	13.3	5	1.7	3.983	0.797	High	1
5	Loans create social and life problems for individuals	23.3	53.3	20	3.3	0	3.967	0.793	High	2
6	Loans increase the consumption of individuals	28.3	45	21.7	3.3	1.7	3.95	0.79	High	3

7	Loans reduce the standard of living for individuals	21.7	51.7	20	5	1.7	3.867	0.773	High	4
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Source: Study sample data

All expressions of the axis the negative impact of loans on individuals' lifestyle were in the high plane except for the one expression in the intermediate plane and it shows the high level of the negative impact of loans on individuals' lifestyle from the viewpoint of the study sample, it turns out the general average 3.767

The third axis: The impact of loans on the social life of individuals

Table (7) Phrases of the thirdaxis

N.	Phrase	Strongly agree %	Agree %	Neutral %	Disagree %	Strongly disagree %	Mean	Relative weight	Degree	Arrange
1	Loans contribute to increasing the ability of individuals to work	25	41.7	21.7	8.3	3.3	3.767	0.753	High	5
2	Loans increase the productive capacity of individuals	28.3	40	20	10	1.7	3.833	0.767	High	3
3	Loans improve employment opportunities for individuals	25	53.3	15	6.7	0	3.967	0.793	High	1
4	The loans work to implement all projects targeted by individuals	18.3	40	35	5	1.7	3.683	0.737	High	6
5	Loans increase the ability of projects to benefit from the available human and technical resources	16.7	56.7	20	6.7	0	3.833	0.767	High	3

6	Loans contribute to solving problems facing troubled projects	23.3	48.3	23.3	0	0	3.900	0.780	High	2
7	Loans contribute to raising capital for projects	18.3	31	14	4	0	3.817	0.763	High	4

Source: Study sample data

All expressions of the axis the effect of loans on the level of individual productivity were in the high plane and it shows the high level of the effect of loans on the level of individual productivity from the viewpoint of the study sample, it turns out the general average 3.829

The fourth axis: The effect of loans on the level of individual productivity

Table (8) Phrases of the fourthaxis

N.	Phrase	Strongly agree %	Agree %	Neutral %	Disagree %	Strongly disagree %	Mean	Relative weight	Degree	Arrange
1	Loans contribute to improving the lives of individuals in society	23.3	31	12	3	0	3.933	0.787	High	3
2	The loans create positive change in society	23.3	32	12	2	0	3.967	0.793	High	2
3	Loans contribute to integrating all individuals in community development processes	16.7	34	13	2	1	3.833	0.767	High	4
4	Loans contribute to creating many societal opportunities	18.3	26	19	4	0	3.733	0.747	High	5
5	Loans contribute to	30	29	11	2	0	4.05	0.81	High	1

	improving the behavior of individuals and reducing the rates of prejudice and wrong behavior									
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Source: Study sample data

All expressions of the axis the effect of loans on the level of individual productivity were in the high plane and it shows the high level of the effect of loans on the level of individual productivity from the viewpoint of the study sample, it turns out the general average 3.903

**The fifth axis: The Impact of loans on sustainable development**

**Table (9) Phrases of the fifth axis**

N.	Phrase	Strongly agree %	Agree %	Neutral %	Disagree %	Strongly disagree %	Mean	Relative weight	Degree	Arrang
1	Loans contribute to achieving sustainable development in line with the Kingdom's 2030 vision	23.3	34	11	1	0	4.017	0.803	High	2
2	The loans are intended to provide all support to the economy	23.3	31	11	4	0	3.917	0.783	High	4
3	Loans lead to development in the income levels of individuals	16.7	22	24	4	0	3.633	0.727	Medium	5
4	Loans contribute to the development of all services that individuals need	40	24	10	1	1	4.15	0.83	High	1
5	Loans contribute to	31.7	26	11	3	1	3.983	0.797	High	3

meeting all requirements of economic development										
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**Source: Study sample data**

All expressions of the axis the Impact of loans on sustainable development were in the high plane except for the one expression in the intermediate plane and it shows the high level of the Impact of loans on sustainable development from the viewpoint of the study sample, it turns out the general average 3.940

**Test Hypotheses of the study:**

**First Hypothesis:**

**There are no statistically significant differences in the opinions of the study sample individuals regarding the positive effect of loans on the individuals' lifestyle that are attributable to personal characteristics (age - years of work experience)**

**Table (10)**

		<b>F</b>	<b>P-VALUE</b>
<b>AGE</b>	<b>25 and younger</b>	<b>2.250</b>	<b>0.086</b>
	<b>From 26 - 35 years</b>		
	<b>From 36 – 45 years</b>		
	<b>46 years and older</b>		
<b>Years of experience</b>	<b>5-10 years</b>	<b>3.133*</b>	<b>0.047</b>
	<b>From 11 to 16 years old</b>		
	<b>17 years and over</b>		

\*Statistically significant at the level of significance ( $\alpha = 0.05$ )

Source: Analysis of the study data using SPSS 22

It is evident that there are no statistically significant differences in the opinions of the study sample individuals regarding the positive effect of loans on the individuals' lifestyle, which is attributed to the age at a significant level of 0.05

It is evident that there are statistically significant differences in the opinions of the study sample individuals regarding the positive effect of loans on the individuals' lifestyle, which is attributed to the Years of experience at a significant level of 0.05, and the difference was in favor of 17 years and over, which indicates that they are the most in

the level of positive effect of loans on the individuals' lifestyle then From 11 to 16 years old then 5-10 years

**SecondHypothesis:**

**There are no statistically significant differences in the opinions of the study sample individuals regarding the negative impact of loans on the individuals' lifestyle that are attributable to personal characteristics (age - years of work experience)**

**Table (11)**

		<b>F</b>	<b>P-VALUE</b>
<b>AGE</b>	<b>25 and younger</b>	<b>1.562</b>	<b>0.202</b>
	<b>From 26 - 35 years</b>		
	<b>From 36 – 45 years</b>		
	<b>46 years and older</b>		
<b>Years of experience</b>	<b>5-10 years</b>	<b>2.119</b>	<b>0.125</b>
	<b>From 11 to 16 years old</b>		
	<b>17 years and over</b>		

\*Statistically significant at the level of significance ( $\alpha = 0.05$ )

Source: Analysis of the study data using SPSS 22

It is evident that there are no statistically significant differences in the opinions of the study sample individuals regarding the negative impact of loans on the individuals' lifestyle, which is attributed to the age and Years of experience at a significant level of 0.05

**ThirdHypothesis:**

**There are no statistically significant differences in the opinions of the study sample individuals regarding the effect of loans on the individuals' productivity level That attributed to personal characteristics (age - years of work experience)**

**Table (12)**

		<b>F</b>	<b>P-VALUE</b>
<b>AGE</b>	<b>25 and younger</b>	<b>0.558</b>	<b>0.644</b>
	<b>From 26 - 35 years</b>		
	<b>From 36 – 45 years</b>		
	<b>46 years and older</b>		
<b>Years of experience</b>	<b>5-10 years</b>	<b>3.858*</b>	<b>0.024</b>



	<b>From 11 to 16 years old</b>		
	<b>17 years and over</b>		

\*Statistically significant at the level of significance ( $\alpha = 0.05$ )

Source: Analysis of the study data using SPSS 22

It is evident that there are no statistically significant differences in the opinions of the study sample individuals regarding the effect of loans on the individuals' productivity, which is attributed to the age at a significant level of 0.05

It is evident that there are statistically significant differences in the opinions of the study sample individuals regarding the effect of loans on the individuals' productivity, which is attributed to the Years of experience at a significant level of 0.05 , and the difference was in favor of 17 years and over, which indicates that they are the most in the level of positive effect of loans on the individuals' lifestyle then 5-10 yearsthen From 11 to 16 years old

**Fourth Hypothesis:**

**There are no statistically significant differences in the opinions of the study sample individuals regarding the impact of loans on the social life of individuals That attributed to personal characteristics (age - years of work experience)**

**Table (13)**

		<b>F</b>	<b>P-VALUE</b>
<b>AGE</b>	<b>25 and younger</b>	<b>2.044</b>	<b>0.112</b>
	<b>From 26 - 35 years</b>		
	<b>From 36 – 45 years</b>		
	<b>46 years and older</b>		
<b>Years of experience</b>	<b>5-10 years</b>	<b>1.991</b>	<b>0.141</b>
	<b>From 11 to 16 years old</b>		
	<b>17 years and over</b>		

Source: Analysis of the study data using SPSS 22

It is evident that there are no statistically significant differences in the opinions of the study sample individuals regarding the impact of loans on the social life of individuals, which is attributed to the ageand Years of experienceat a significant level of 0.05

**FifthHypothesis:**

**There are no statistically significant differences in the opinions of the study sample individuals regarding the impact of loans on sustainable development that attributed to personal characteristics (age - years of work experience)**

**Table (14)**

		<b>F</b>	<b>P-VALUE</b>
<b>AGE</b>	<b>25 and younger</b>	<b>1.033</b>	<b>0.381</b>
	<b>From 26 - 35 years</b>		
	<b>From 36 – 45 years</b>		
	<b>46 years and older</b>		
<b>Years of experience</b>	<b>5-10 years</b>	<b>2.533</b>	<b>0.084</b>
	<b>From 11 to 16 years old</b>		
	<b>17 years and over</b>		

Source: Analysis of the study data using SPSS 22

It is evident that there are no statistically significant differences in the opinions of the study sample individuals regarding the impact of loans on sustainable development, which is attributed to the age and Years of experience at a significant level of 0.05

### **Conclusions**

- ✓ The high level of the positive effect of loans on individuals' lifestyle from the viewpoint of the study sample, it turns out the general average 3.921
- ✓ The high level of the negative impact of loans on individuals' lifestyle from the viewpoint of the study sample, it turns out the general average 3.767
- ✓ The high level of the effect of loans on the level of individual productivity from the viewpoint of the study sample, it turns out the general average 3.829
- ✓ The high level of the effect of loans on the level of individual productivity from the viewpoint of the study sample, it turns out the general average 3.903
- ✓ The high level of the Impact of loans on sustainable development from the viewpoint of the study sample, it turns out the general average 3.940
- ✓ There are no statistically significant differences in the opinions of the study sample individuals regarding the positive effect of loans on the individuals' lifestyle, which is attributed to the age at a significant level of 0.05 and there are statistically significant differences in the opinions of the study sample individuals regarding the positive effect of loans on the individuals' lifestyle,

which is attributed to the Years of experience at a significant level of 0.05 , and the difference was in favor of 17 years and over,

- ✓ There are no statistically significant differences in the opinions of the study sample individuals regarding the negative impact of loans on the individuals' lifestyle, which is attributed to the age and Years of experience at a significant level of 0.05
- ✓ There are no statistically significant differences in the opinions of the study sample individuals regarding the effect of loans on the individuals' productivity, which is attributed to the age at a significant level of 0.05
- ✓ There are statistically significant differences in the opinions of the study sample individuals regarding the effect of loans on the individuals' productivity, which is attributed to the Years of experience at a significant level of 0.05 , and the difference was in favor of 17 years
- ✓ There are no statistically significant differences in the opinions of the study sample individuals regarding the impact of loans on the social life of individuals, which is attributed to the age and Years of experience at a significant level of 0.05
- ✓ There are no statistically significant differences in the opinions of the study sample individuals regarding the impact of loans on sustainable development, which is attributed to the age and Years of experience at a significant level of 0.05

## **DISCUSSION:**

*Causes high enthusiastic and monetary pressure*

Limited income individuals with educational loans owe about \$37,000 each. This makes understudy loan debts second just to contract debts. Numerous individuals who took out educational loans figured their compensation would more than cover the regularly scheduled installment. Yet, they're finding that subsequent to making their installment every month, they have barely sufficient cash left to cover fundamental everyday costs.

The effect of educational loan debt on workers is critical. The vast majority with educational loans make installments for almost twenty years. It's simple for them to become discouraged in light of the fact that they don't see an exit from the issue. More than 40% of individuals who acquired four year college educations report having high or exceptionally high enthusiastic and monetary pressure.

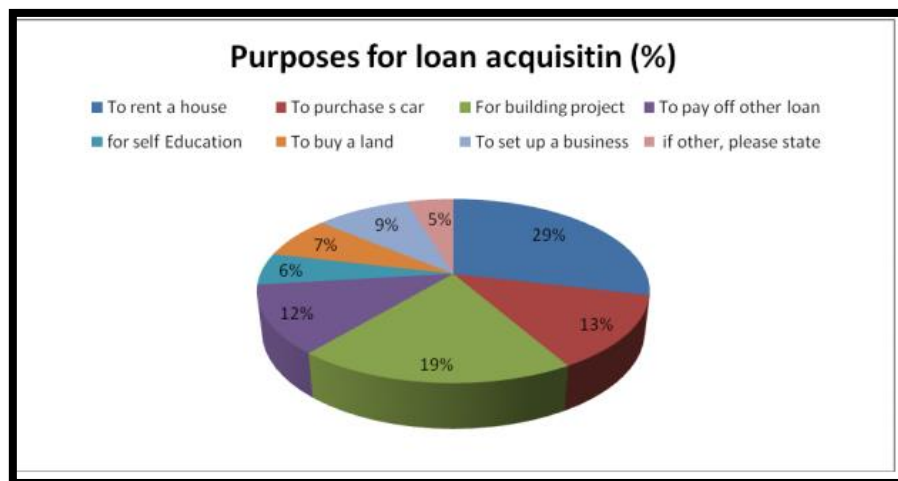


Figure 1 purpose of loan acquisition

*Makes work interruptions*

Stresses over educational loan debts cause limited income individuals to be occupied grinding away and impacts work execution. They go through hours every day contemplating approaches to lessen costs and stretch their compensation. Since they can't zero in on their work, they oftentimes commit errors. Limited income individuals with educational loans will in general require more days off to manage medical issues or weariness from monetary pressure.

***Decreases work alternatives***

Individuals with educational loan debts feel overpowered. Subsequent to procuring an loan and education, graduates can't get a new line of work that coordinates with their profession advantages. Due to their loan responsibility, they wind up tolerating a situation outside of their profession field. Frequently, the compensation scarcely covers their month to month loan and everyday costs.

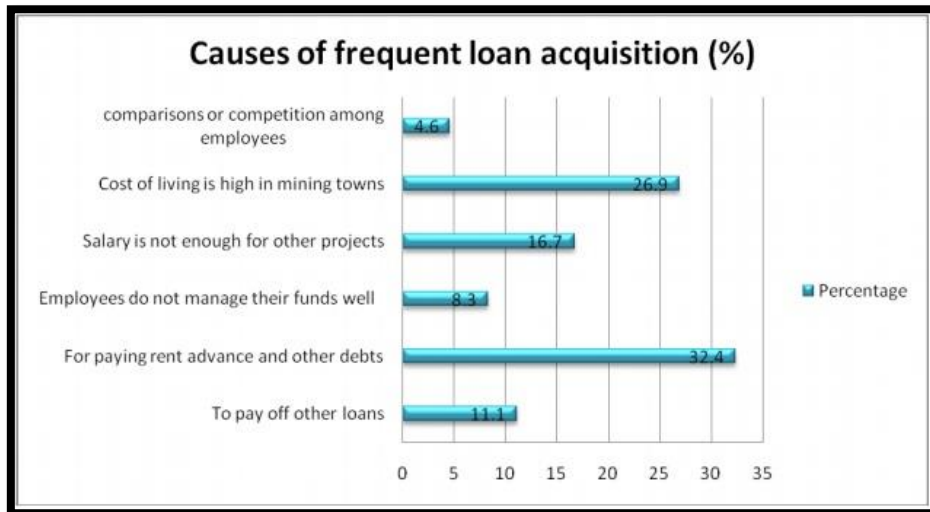
***Dissolves business dreams***

Barely any individuals with educational loans consider getting back to school to proceed with their schooling. They can't manage the cost of the cost, regardless of whether their manager gives educational cost repayment. Also, any fantasies about beginning a business go unfulfilled since they need a consistent pay. Monetary specialists have seen a 14% drop in new private venture development. It's an upsetting pattern since private ventures give 60% of new business openings in the Saudi Arabias.

***Triggers monetary concerns***

The effect of educational loan debt on limited income individuals shows into stresses over the capacity to endure surprising costs. Most have under \$1,000 saved to cover doctor's visit expenses or vehicle fixes. They use charge cards to pay these costs.

Individuals with educational loans will in general put off purchasing a home or beginning a family.



*Figure 2 causes of frequent loan acquisition*

The default rate on educational loans is expanding. A year ago, understudy loan misconducts were more than \$166 billion. Missed installments can influence individuals' FICO ratings for quite a long time. They may experience issues purchasing significant buys, like a vehicle, or getting a home loan. Furthermore, business alternatives might be restricted as certain businesses are checking limited income individuals' loan.

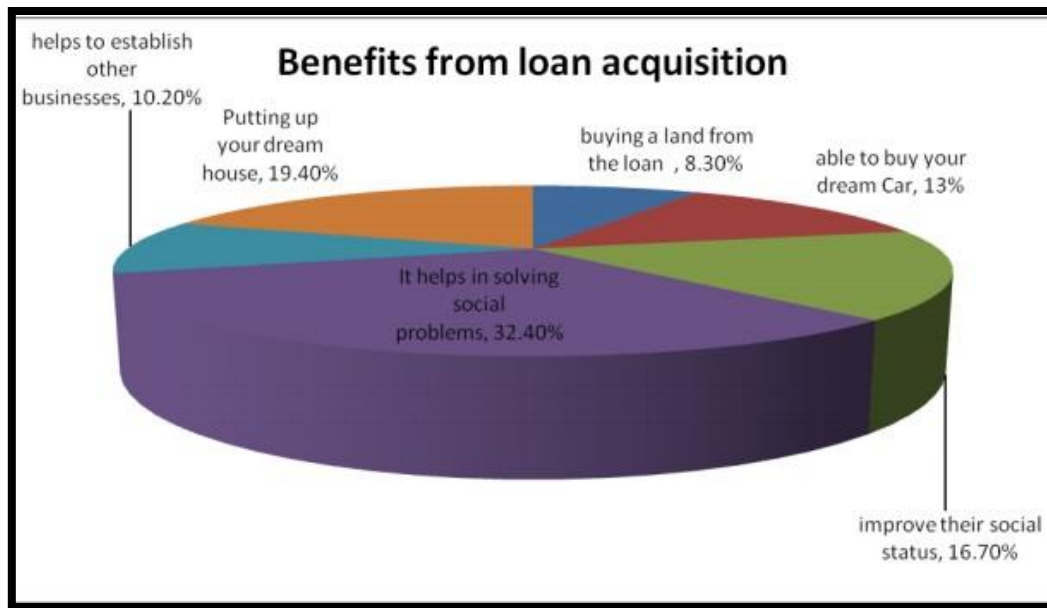
Respondents accept that the significant reason for incessant loan securing is a consequence of installment of lease loan and different debts owed by limited income individuals. This addresses 32% of the complete respondents. Respondents who accepted that successive loan procurement was because of significant expense of living in mining networks were 29. This addresses 27% of the absolute respondents. Different

respondents were likewise of the view that workers utilize the loans obtained to take care of different loans which draw in high loan costs. A portion of these loans are taken from cash moneylenders. This addresses 11% of the all out respondents. 9 of the respondents additionally have the view that workers don't deal with their assets well. This addresses 8% of the absolute respondents. Among every one of the respondents, 5 were of the view that limited income individuals go for loans to gain properties to rival their kindred specialists or partners in a similar local area. The Bar outline underneath shows the pictorial perspective on the above data.)

Respondents understood that they can't save any sum towards their retirement and this address 29% of the all-out respondents. 29 of them understood that public activity turns out to be exceptionally troublesome after loan reimbursement sum is deducted from their compensations, addressing 27% of the complete respondents. A further investigation shows that 23 respondents think that it's hard to deal with their homes because of loan derivations produced using their compensation. On a more genuine note, 11 respondents accept that after the loan reimbursement derivations are made, workers are left with next to no net compensation to adapt to. The resultant impact is a further getting which serves to increase their monetary emergency circumstance.

Respondents accept that purchasing your fantasy vehicle can be conceivable through loan procurement, addressing 13% of the all-out respondents. The perspectives communicated by the respondents suggest that obtaining loan ought not be considered as awful, but instead as better alternative when loan fees are entirely adaptable with sensible terms of installment. 11 respondents who guarantee to be business-disapproved accept that loan obtaining could assist workers with building up your very own business. At long last, 9 of the respondents feel that securing a real estate parcel is

conceivable with loan obtaining. The following is a pictorial perspective on the different advantages that can be gotten from loan securing.



*Figure 3 benefits of loan acquisition*

### The Sociological Impact

Society puts a lot of significant worth on workers who have their own homes and have achieved high friendly acknowledgment because of the sort of properties they own. The examination set up that 20 respondents out of 21 presently have structures of their own. The ideas and estimations of private undertakings were noted to be viewed by the general public as excellent. Accordingly, their societal position has improved. The loans procured have made them to defeat certain obstacles throughout everyday life and has opened up promising circumstances for them. The study noticed that those respondents had no properties like houses or limited scope business endeavors prior to



getting the loans. It has brought genuine distinction and regard which have acquired them high economic wellbeing since they have climbed the social stepping stool. Most workers during the meeting likewise presumed that once the loans have been utilized to procure resources, they are lucky to be in the public eye, despite the fact that the loan reimbursement some of the time extends their overall gain.

### **The Psychological impact**

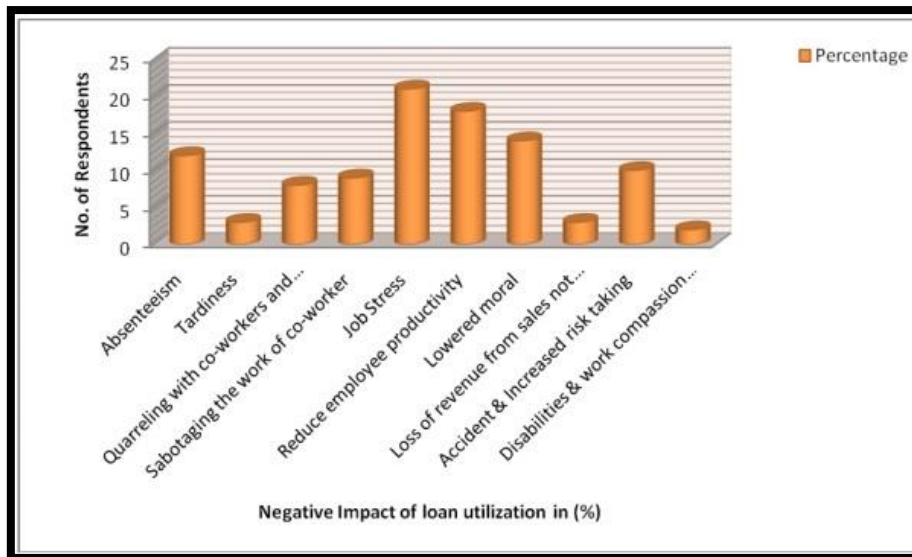
As far as private convenience, the 29 respondents who really leased the convenience were mentally in an ideal situation than the individuals who took the loans for different purposes. An enormous level of the respondents who utilized their loans productively see their abundance made from the loan as an impetus for negative relationship with kin. There is decrease in weakness in the family. Wellbeing, nourishing status and school participation rates have all improved. The loans obtained have not just improved the overall government assistance of the family of recipients however have likewise upgraded the family's ability to support their benefits over the long run.

### **The Negative Impact Of Loan Acquisition On The Lifestyle Of Workes**

Poor monetary practices coming about because of helpless usage of the loans adversely sway on the actual limited income individuals just as the businesses. The sociological impacts were that, 29 of the respondents understood that public activity gets troublesome after the allowance of loan sum from their net compensation. 23 respondents likewise reasoned that the loan reimbursement additionally brings about

troubles in dealing with their homes. Therefore, the total compensation gets lacking to get by. Poor monetary practices are close to home and family cash the executives rehearses that have considerable, unfavorable and negative effects on one's life at home or potentially work. With respect to the businesses, the investigation set up the amazingly significant expenses that are brought about by Management because of poor monetary conduct coming about because of helpless usage of the loan to incorporate the accompanying:

- Non-appearance
- Lateness
- Battling with collaborators and chiefs
- Attacking crafted by colleagues
- Occupation stress
- Diminished representative efficiency
- Brought down representative spirit
- Loss of income from deals not made
- Mishaps and expanded danger taking
- Inability and laborer pay claims.



*Figure 4 negative impacts of loan acquisition*

### **Monetary Stress**

The investigation noticed that a huge rate of laborers displayed some measure of monetary pressure. The individual monetary pressure represented a portion of the issues distinguished as negative effect of loan obtaining and all these have represented a decline in work fulfillment among the influenced laborers.

It is additionally essential to know how vehicle and lodging loans changed as a reaction to the lowest pay permitted by law climb. This would be something critical to know, since vehicle or potentially house purchasing further builds the acquiring limit of the proprietor through the guarantee channel. We find that vehicle loans expanded in a measurably critical manner, while there is no adjustment in lodging loans. The expansion in vehicle loans comes from loans of development two years or more, which

isn't amazing dependent on our engaging measurements. In spite of the fact that we see a genuinely critical expansion in medium-term lodging loans, the volume of medium-term lodging loans is minuscule by definition and this outcome doesn't have any monetary importance. By and large, we see that vehicle loans increment as a result of the lowest pay permitted by law climb, while there is no significant expansion in lodging loans.

More popularity for vehicles has expanded collateralized getting limit of the low-wage families and, thusly, expanded the burning through likely further. They additionally track down that the spending reaction comes from few families. Like their investigation, we record that there is a measurably huge reaction as expanded purchaser loans. Not the same as their investigation, we contend that the increment for the most part comes from the broadly useful loans and the expansion in vehicle loans isn't just about as solid. These examples recommend that the obvious postponed utilization impact works alongside a less viable collateralized debt impact (through expanded strong products utilization). One would hope to notice a positive relationship between's shopper loans and overdrafts. Hence, as a heartiness check, we test whether there is additionally an expansion in overdrafts following the lowest pay permitted by law climb. Utilizing our standard observational approach, we use overdrafts as the result variable to play out this assignment.

The study discovers a genuinely huge expansion in overdrafts just after the lowest pay permitted by law climb, which upholds the outcomes relating to the shopper loan reaction. The principal section, then again, records the assessed sway on rotating debt stock for those clients who pay at any rate the base required sum every month. We discover no impact of the lowest pay permitted by law climb on spinning charge card use.

*The benefits of the study results:*

One critical request concerning the instrument behind our results is whether the purchaser loan response is driven according to popular demand or supply-side forces. Though the current data don't allow us to play out an ordinary test to freely recognize demand versus supply-side forces, it is practical to comment on the pieces of information given by the specific results. A 30% enduring extension in labor pay is a gigantic jump to get in the short run and it isn't unexpected to expect a change in the gaining and spending behavior of individuals acquiring work pay in the close by neighborhood of the most minimal compensation allowed by law range. Banks have advance standards and they may in like manner have changed their mindsets toward these customers. We generally notice a development by and large explanation advances following the most minimal compensation allowed by law climb, which suggests that there was a certain volume of delayed usage. These insights suggest that the interest side forces have worked in the background. We furthermore don't see a decline in advance costs following the least compensation allowed by law climb. While this discernment isn't adequate to offer persuading articulations about the banks' loan standards, it suggests that the stock side forces had not been winning, i.e., we didn't see a change in bank lead similar to their capacity to loosen up advances to low-pay families. As such, we surmise that solicitation side forces have been more suitable in embellishment the buyer loan response following the most minimal compensation allowed by law climb.

According to the perspective of the viable utilization of our outcomes, we can prescribe the national bank to satisfactorily influence the measure of cash available for use gave

through business loans. We have shown that, aside from buyer loan, any remaining investigated advances positively affect the improvement of the economy, and consistently with a specific delay. This confirms the working of the loan channel of the transmission component in the Czech Republic. Leaving to the side the minor investigations showing either negative or no connection among advances and monetary turn of events, we should likewise make reference to the significant components that sabotage the positive relationship of the factors inspected. We can isolate these into monetary and uneconomic. Among the monetary elements we may definitely incorporate dynamic money related and monetary arrangements. Both of these strategies under conditions like those of the Czech Republic and under the states of created nations lately have as of late been extremely proactive. Monetary strategies in light of the monetary emergency have utilized purported Unconventional money related apparatuses in three unique structures. The first is that of quantitative facilitating, also, setting negative financing costs – both with roundabout influence on a debilitating conversion scale. The third structure was an immediate debilitating of nearby monetary standards through unfamiliar trade mediations, which was carried out by the national bank in the Czech Republic.

Nonetheless, the utilization of these devices has prompted the advancement of monetary development. Monetary approaches of created nations have likewise reacted to the monetary emergency with an immense level of extension to limit the decay of the economies. The Czech Republic was the exemption in such manner, in light of the fact that the first response of the public authority at the time was a significant fixing of monetary conditions as an increment in backhanded charges and a decrease in government spending, which prompted a generally sharp monetary decrease in the early years. Afterward be that as it may, another political organization executed, is as yet

carrying out, an expansionary monetary strategy. Another monetary factor is the reliance of the homegrown non-banking elements on homegrown monetary assets. By far most of homegrown elements actually acquire loans from homegrown banks. A specific level of loans to organizations comes from unfamiliar banks, yet with regards to the whole Czech monetary area, this isn't especially striking. The issue was somewhat lower usefulness of the loan transmission component away from the national bank to business banks. Attributable to the fundamental liquidity excess, banks had little revenue in recently gave cash from the Czech National Bank, as they had no real way to evaluate it. Among the main non-monetary elements we should incorporate the confidence of organizations in future turn of events. This confidence is unequivocally influenced by the assertions of legislators. This is likewise identified with the political cycle when legislators execute an expansionary monetary strategy before a political race, fundamentally paying little heed to the requirements of the economy. Alternately, after a political race, they execute disliked estimates, for example, increasing government rates and diminishing government spending. In the Czech Republic, with the exception of a short time of prohibitive monetary strategy in and after 2009, a fairly expansionary monetary strategy has been worked out.

### ***Conclusion:***

Loan obtaining from the banks and other monetary organizations would now be able to be supposed to be a necessary piece of laborers' monetary assets. The current relative portions of loans in regard of laborers' monetary assets are critical. Patterns on the effects on the way of life of the specialists are a pointer to their incredible potential in upgrading their abundance creation; their public activity style and the mental fulfillment of advantages worker have accumulated from loan obtaining. Loan obtaining has in fact impacted workers way of life both decidedly and contrarily. Nearby their monetary advantage, workers had the option to set up organizations, obtain certain properties like vehicles, the parcels for building their own loft, interest in schooling and upgraded profit. Socially, their status has been upgraded because of the monetary advantages got from legitimate utilization of the loans. Mentally, the relationship with kin has improved along these lines diminishing the weakness of certain individuals from the family since they have connected some of them in their private organizations.

### ***Recommendations:***

Monetary instruction suppliers ought to give a variety of projects outfitted to workers at various phases of life. They ought to give training through various media. Live, eye to eye workshops have demonstrated to be compelling instruments, as have one-on-one worker gatherings. Online programming devices and self-study projects may likewise be essential to address the issues of the populace. Conventional print materials and plan



supplier materials may likewise be joined into the system. Instructing a labor force is a drawn out responsibility and isn't cultivated in one gathering – or even one year. Viable monetary schooling program is a continuous arrangement of instructive contributions that should start at another representative's direction and proceed through to inevitable retirement.

The investigation prescribes the foundation of guiding units to address sociological and mental issues that laborers face in the utilization of their monetary assets. A more extensive comprehension of human conduct is unquestionably significant in tending to mental issues. A sensation of misery among individuals with poor monetary circumstances brings about no unmistakable goals throughout everyday life. This prompts an absence of interest in longer term issues, for example, saving or building a loan record. A difference in outlook is absolutely an all the more useful asset in such mental circumstances.

An Employee Assistance Program is a task based program inside a work association to recognize pained limited income individuals, inspiring them to determine their issues and giving admittance to guiding or treatment for workers who need these administrations. It is emphatically suggested that EAP is set up in the organization for workers who may have major monetary troubles and other occupation related issues can be taken care of, advised and be given the vital help to oppose from such practices. The analyst accepts that the business needs limited income individuals who can evade monetary issues and become monetarily solid and more gainful.

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