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FACTORS INFLUENCING LOAN REPAYMENT
PERFORMANCE OF AYA BANK AUTO LOAN CUSTOMERS

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EMBF - 10
EMBF 11th BATCH

JANUARY, 2026

ABSTRACT

This study analyzes the factors influencing auto loan repayment performance among customers of AYA Bank in Myanmar and examines the moderating effect of financial literacy on these relationships. In accordance with the credit risk management practices of AYA Bank and the prudential regulations issued by the Central Bank of Myanmar, the study focuses on selected loan-related, institutional, and borrower related variables affecting repayment behavior. Primary data were collected from 100 active auto loan customers of AYA Bank using simple random sampling. The data were analyzed by applying descriptive statistics, correlation analysis, and multiple regression models. The empirical results indicate that communication efficiency is the most significant determinant of auto loan repayment performance, followed by interest rate, loan size, and bank monitoring. Loan tenure shows a statistically significant negative effect on repayment performance, indicating that longer repayment periods may weaken borrowers' repayment discipline and increase credit risk. However, income stability and customer service quality do not exhibit significant direct effects in the model. Financial literacy is found to have a strong positive effect on auto loan repayment performance and to serve as a partial moderating variable in the relationships between certain influencing factors and repayment behavior. Specifically, financial literacy strengthens the effects of interest rate and customer service quality on repayment performance, while weakening the influence of loan tenure and bank monitoring. These findings indicate that financially literate borrowers are better equipped to manage repayment obligations and respond more effectively to loan pricing and service-related factors, while being less dependent on external monitoring mechanisms. Overall, the study highlights the importance of effective communication, appropriate loan structuring, consistent monitoring practices, and financial literacy enhancement in improving auto loan repayment performance in Myanmar. The findings provide practical implications for AYA Bank in strengthening credit risk management practices, reducing non-performing loans, and supporting sustainable development in the retail banking sector.