

**CREDIT MANAGEMENT PRACTICES AND LOAN PERFORMANCE IN
COMMERCIAL BANKS IN UGANDA: A CASE OF POST BANK UGANDA**

BY

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**A DISSERTATION SUBMITTED TO THE DIRECTORATE OF RESEARCH AND
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DECLARATION

I, **Kanyima Boaz** hereby declare that this dissertation is my original work and it has never been submitted to this or any other institution of higher learning for any award.

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APPROVAL

This is to certify that this dissertation title “*Credit Management and Loan Performance in Commercial Banks in Uganda: A case of Post Bank Uganda*” by **Kanyima Boaz (21/U/GMBA/14216/PE)** has been done under our supervision and its ready for submission for examination with our approval as a supervisor.

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DEDICATION

I dedicate this dissertation first my very supportive family especially my Dear Wife for enduring my long stay away while doing this course especially during weekends. I also dedicate this report to my children, relative and friends. Please receive my heartiest appreciation for your individual positive impact upon my life. May the Good Lord Bless You.

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TABLE OF CONTENTS

DECLARATION	i
APPROVAL	ii
DEDICATION	iii
ACKNOWLEDGEMENT	iv
LIST OF ACRONYMS/ABBREVIATIONS	xi
ABSTRACT	xii
CHAPTER ONE	1
INTRODUCTION	1
1.1 Introduction.....	1
1.2. Background to the study	1
1.2.1 Historical background.....	1
1.2.2 Theoretical background	3
1.2.3 Conceptual background	4
1.2.4 Contextual background	5
1.3 Statement of the Problem.....	6
1.4. Purpose of the study.....	7
1.5. Objectives of the study.....	7
1.6 Research questions.....	7
1.7 Hypotheses of the study	7
1.8 Conceptual framework.....	8
1.9 Justification of the study	9
1.10 Scope of the study	9
1.10.1 Geographical scope	9
1.10.2 Content scope.....	9
1.10.3 Time scope	10
1.11 Significance of the study.....	10
1.12 Operational definition of key Terms.....	10

CHAPTER TWO	12
LITERATURE REVIEW	12
2.1 Introduction.....	12
2.2 Theoretical review	12
2.3 Empirical review.....	13
2.3.1 Loan appraisal process and loan performance	13
2.3.2 Loan collection procedure and loan performance.....	16
2.3.3 Credit risk control policy and loan performance	18
2.4 Conclusion	19
CHAPTER THREE	20
METHODOLOGY	20
3.1 Introduction.....	20
3.2 Research approach	20
3.3 Research design	20
3.4 Study population.....	21
3.5 Sample size determination	21
3.6 Sampling techniques	22
3.6.1 Simple random sampling	22
3.6.2 Purposive sampling.....	22
3.7 Data collection methods.....	23
3.7.1 Survey questionnaire.....	23
3.7.2 Interviewing	23
3.8 Data collection instruments.....	23
3.8.1 Questionnaires.....	23
3.8.2 Interview guide	24
3.9 Measurement of study variables	24
3.10 Data collection procedure	24
3.11 Data quality control.....	25
3.11.1 Validity	25
3.11.1.1 Validity for Quantitative Data	25

3.11.1.2 Validity for qualitative data	25
3.11.2 Reliability.....	26
3.11.2.1 Reliability for Quantitative Data.....	26
3.11.2.2 Reliability for Qualitative Data.....	26
3.12 Data analysis and presentation.....	26
3.12.1 Quantitative data	26
3.12.2 Qualitative data	27
3.13 Ethical consideration.....	27
3.14 Limitations to the study	28
CHAPTER FOUR.....	29
PRESENTATION, ANALYSIS AND INTERPRETATION OF STUDY FINDINGS	29
4.1 Introduction.....	29
4.2 Response rate	29
4.3 Findings on the bio-data of the respondents	30
4.4 Descriptive statistics basing on the study objectives	32
4.4.1 Loan appraisal process and loan performance	32
4.4.2 Loan collection procedure and loan performance.....	35
4.4.3 Credit risk control procedure and loan performance	39
4.4.4 Response on the loan performance in Post Bank.....	42
4.5 Inferential statistics	44
4.5.1 Correlation analysis	45
4.5.2 Regression analysis.....	45
4.5.2.1 The effect of loan appraisal on loan performance	45
4.5.2 The effect of loan collection procedure on loan performance	46
4.5.2.3 The effect of credit risk control procedure on loan performance	47
4.5.2.4 The effect of credit management practices on loan performance	48
CHAPTER FIVE	51
SUMMARY, DISCUSSION OF FINDINGS, CONCLUSION AND RECOMMENDATIONS	51
5.1 Introduction.....	51

5.2 Summary of the study findings	51
5.3 Discussion of the study findings	51
5.3.1 Loan appraisal process and loan performance	51
5.3.2 Loan collection procedure on loan performance	52
5.3.3 Credit risk control procedure on loan performance	53
5.4 Conclusions.....	54
5.5 Recommendations.....	55
5.6 Areas for further research	56
REFERENCES	57
APPENDICES	63
Appendix I: Consent form for participants	63
Appendix II: Questionnaire for data collection	64
Appendix III: Interview Guide for Top Officials	67
Appendix IV: Table for determining sample size from a given population	69
Appendix V: List of Branches of Post Bank Uganda	70

LIST OF TABLES

Table 3.1: Population of the study	21
Table 3.2: Sampling and sample size determination	21
Table 3.3: Validity test of tool	25
Table 3.4: Reliability test of tool	26
Table 4.1: Gender of respondents	30
Table 4.2: Highest education level attained	30
Table 4.3 Age bracket of Respondents	31
Table 4.4: Period spent working with Post Bank.....	31
Table 4.5: Responses on loan appraisal processes.....	32
Table 4.6: Responses on loan collection procedure.....	36
Table 4.7: Responses on credit risk control policy	39
Table 4.8: Responses on loan performance	42
Table 4.9: Correlation results on relationship between variables (n = 130).....	45
Table 4.10: The regression results on the effect of loan appraisal on loan performance	46
Table 4.11: The regression results on the loan collection procedure on loan performance.....	47
Table 4.12: The regression results on the effect of credit risk control procedure on loan performance	48
Table 4.13: The regression results on the effect of credit management practices on loan performance	49

LIST OF FIGURES

Figure 1.1: The study conceptual framework	8
Figure 4.1: Showing the response rate	29

LIST OF ACRONYMS/ABBREVIATIONS

CVI	Content Validity Index
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NPL	Non-Performing Loan
PAR	Portfolio at Risk
SACCOs	Savings and Credit Cooperative Organizations
SPSS	Statistical Package for Social Science
SPSS	Statistical Package for Social Science

ABSTRACT

This study examined the effect of credit management practices on loan performance of commercial banks a case of Post Bank Uganda. The study was anchored on three objectives which included; examining the effect of loan appraisal process on loan performance, the effect loan collection procedure on loan performance and the effect of credit risk control procedure on loan performance. The study considered a cross-sectional survey research design considering both quantitative and qualitative research approach. The study targeted 140 participants but 134 participants where 130 used questionnaires and 04 used interview managed to respond hence showing the response rate of 95.7%. The study findings revealed that there was a weak but positive and significant relationship between loan appraisal processes and loan performance at ($r = .227^{**}$, $p < .01$) and Loan Application Appraisal was a positive significant predictor of loan performance by 4.4% (0.044, $p < .05$) with B-value (.231^{**}). There was a positive and significant relationship between loan collection procedure and loan performance at ($r = .377^{**}$, $p < 0.01$) and Loan Collection Procedure positively and significantly predicted the loan performance by 13.5% (0.135, $p < .05$) with B-value (.282^{**}). There was a positive and significant relationship between credit risk control policy and loan performance at ($r = .419^{**}$, $p < .01$) and Credit Risk Control Procedure, it was the highest significant predictor of loan performance of 16.7% (0.167, $p < .05$) with B-value (.392^{**}). Furthermore, credit management practices with its constructs (loan appraisal process, loan collection procedure and credit risk control procedure) combined influenced the loan performance at Post Bank Uganda by 28.5% (0.285, $p < .05$) with B-value (.307^{*}). Based on the study's findings, it is recommended that financial institutions and regulatory bodies consider implementing robust measures that necessitate the submission and evaluation of business plans as a prerequisite for loan approval, it is imperative that the bank institutes more robust and clearly defined repayment conditions for borrowers who default, including stricter penalties and timelines for resolution. Additionally, establishing a regular schedule of loan recovery meetings with clients is essential for fostering effective communication and cooperation and financial institutions implement policies allowing for reasonable extension periods in cases of genuine client hardship, thus providing borrowers with a lifeline to recover from temporary financial setbacks

CHAPTER ONE

INTRODUCTION

1.1 Introduction

The issue of poor loan performance has been a central factor in the failures of numerous commercial banks, leading to the collapse globally (Williams, 2021). However, there is a need to reevaluate the implementation of credit management practices, specifically examining the loan appraisal process, loan collection procedures, and credit risk control policies, to ensure the full recovery of loans extended. This study examined the effect of credit management practices on loan performance in Post Bank. This chapter presents the background to study, statement of problem, purpose of the study, research objectives, research question, study hypothesis, conceptual framework, scope of the study, study justification, significance, and operational definitions of key terms.

1.2. Background to the study

The background of the study was presented in four different perspectives including historical background, theoretical background, conceptual background and contextual background.

1.2.1 Historical background

The practice of lending has a deep historical legacy, with evidence dating back to ancient civilizations such as Ancient Mesopotamia, where records indicate that loans were extended to farmers for agricultural purposes (Jaggi, 2018). These early lending practices laid the foundation for the evaluation and management of loan portfolios. With the emergence of modern banking systems, the assessment of loan portfolio performance gained increasing significance. The establishment of commercial banks during the 16th, 17th, and 18th centuries highlighted the need for effective credit management. Banks began developing methods to assess the quality of their loan portfolios and monitor their performance (Hendricks & Mistrulli, 2016). Notably, during the 16th century, when King George VI reigned, lending was primarily driven by the burgeoning trade in England. Banking's primary goal during this era was to provide credit to the general public for profit generation, as noted by Brownbridge in 1998. As the 19th century Industrial Revolution unfolded, banking evolved into a thriving sector with a strong emphasis on innovation.

Credit risk has consistently posed the most substantial challenge for financial institutions globally (O'Connell, 2017). A study that examined bank failures in the New England region revealed that out of the 62 banks operating before 1984, 58 of them experienced delays in loan repayment, ultimately leading to their failure between 1989 and 1992 (Caprio & Kilngbiel, 2012). The scope of credit management in the banking industry has evolved since the 1980s to ensure business survival. In the 1980s, financial institutions lacked dedicated credit management departments, and the bank's leader held sole authority to make decisions on risky transactions (John, 2004). It wasn't until the 1990s that banks began establishing credit management divisions responsible for risk assessment rather than control. The sole decision-making authority of the bank's leader rendered credit risk management ineffective (Economic Intelligence Unit Report, 2009). However, in the late 1990s, the expansion of credit and risk management significantly impacted financial market stability and the utilization of derivatives, leading to financial losses for banks lacking proper credit risk management systems (Bofondi & Gobbi, 2003).

Loan performance in Sub-Saharan African banks has been persistently at risk due to the growth of credit risks, a historical issue dating back to the early 20th century (Jean-Philippe, 2016). Furthermore, credit management has garnered substantial attention in recent years, particularly in response to unfortunate events and bank failures resulting from a surge in non-performing loans (Bodo, 2018). An associated study revealed that the banking sectors of Ghana, Nigeria, and Angola experienced a 23% increase in non-performing loans, up from 17% in 2015 (Nsobilla, 2015). In Kenya, the Portfolio at Risk (PAR) for Kenyan banks increased from 12.7% in 2019 to 13.1% in 2020 due to inadequate credit risk management during the COVID-19 pandemic (Central Bank of Kenya, 2020). Non-performing loans have contributed to the growth of at-risk assets, thus undermining loan performance (Bodo, 2018).

Uganda, specifically, has encountered the failure of several banks primarily due to inadequate credit risk management practices. An illustrative case is Greenland Bank, which experienced a collapse in 1998, primarily attributed to its reported failure to rigorously adhere to lending guidelines, leading to the classification of its loan portfolio as non-performing at that time (Bank of Uganda Report, 1999). Subsequently, various other Ugandan banks have faced similar failures connected to a notable increase in loan defaults. For example, Crane Bank, despite its success in

2012, witnessed a collapse in 2016 attributed to a significant surge in non-performing loans. These non-performing loans escalated from Shs. 19.36 billion in 2014 to Shs. 142.3 billion (a 122.9% increase) in 2015 (Senyonyi, 2018). This situation forms a basis for examining the effect of credit management practices on loan performance of commercial banks a case of Post Bank Uganda.

1.2.2 Theoretical background

The study was grounded in Edward Altman's credit risk theory, initially introduced in 1968. This theory relies on financial ratios to evaluate borrowers' creditworthiness and assess the probability of loan defaults. It has played a pivotal role in advancing our comprehension of credit management by facilitating the evaluation of credit risk and its impact on loan performance (Altman, 1968). This theory acknowledges the inherent risk of default in lending, which can potentially lead to financial losses for the lender. It posits that credit risk arises from the uncertainty surrounding a borrower's ability to meet their loan repayment obligations and contractual commitments (Altman, Sabato & Esentato, 2016). The theory takes into consideration various factors that influence credit risk, including the financial health of the borrower, industry conditions, macroeconomic variables, and the terms stipulated in the loan agreement (Altman, Sabato & Wilson, 2017b).

One of the strengths of the Credit Risk Theory lies in its capacity to offer a structured framework for assessing and managing credit risk. By analyzing the factors that impact credit risk, lenders can make well-informed decisions regarding loan approvals, pricing, and strategies to mitigate risk (Altman, Sabato & Wilson, 2017b). This theory has also facilitated the development of credit scoring models and techniques for measuring credit risk, enabling lenders to quantify and monitor credit risk within their loan portfolios. Nevertheless, the Credit Risk Theory has faced criticism and has certain limitations. One critique is that it assumes a stable and efficient market, which may not always align with reality. During periods of economic instability or financial crises, credit risk can be amplified, challenging the assumptions of the theory (Ijaz, Hunjira, Hameed & Maqbool, 2013). Additionally, the theory assumes that all relevant information is known and accessible, which may not always be the case (Ijaz et al., 2013). Consequently, credit risk assessment can be affected by informational asymmetry and moral hazard issues.

Nevertheless, this theory remains pertinent to the present study as it provides a framework for understanding how to manage credit by evaluating the effectiveness of loan appraisal, loan collection, and credit risk control. Effective credit management can lead to a reduction in defaults and an improvement in loan performance.

1.2.3 Conceptual background

The two factors that were theoretically considered in the study were credit management and loan performance. According to Hosna et al. (2009), credit management practices refer to the executive duty of calculating customer credit ratings as a component of the credit control function. On the other hand, Myers and Brealey (2003) to the tactics and strategies used by a company to maintain an ideal amount of credit and effectively manage it. According to Brigham et al., (1999), credit management is the process of giving credit, the terms on which it is issued, and reclaiming this credit when it is due. Increasing collections, lowering credit costs, extending more credit to creditworthy customers, and creating competitive credit terms are just a few of the ways that characterize credit management (Gitman, 2009). This is a function carried out within a company to improve and control credit policies that will result in higher revenues and lower risk. In this study, credit management practices operationalized by credit appraisal process, loan collection procedure and credit risk control policy. These variables used because the bank thrives on their ability to generate income through their lending activities which depend on the capacity to effectively manage the credit.

In contrast, loan performance pertains to whether a customer adheres to their obligations in a timely manner, avoids defaults, and more broadly, fulfills the terms specified in the loan agreement, including principal and interest payments, among other commitments (Taylor, 2019). It also encompasses the measurement of returns on loans disbursed by financial institutions, including loan premium repayments, interest repayments, and associated costs and charges (Rukundo, 2018). However, within the context of this study, loan performance will be detailed in terms of loan recovery rates, returns on loans, punctual repayment rates, and the growth of the loan portfolio. These metrics are of paramount importance for assessing loan performance.

1.2.4 Contextual background

The research was conducted at Post Bank Uganda Limited, a financial institution that is wholly owned by the Government of Uganda. Post Bank Uganda has a historical legacy dating back to 1926 when it initially operated as a department within the Post Office. In February 1998, Post Bank Uganda Limited was officially established in accordance with the Communications Act of 1997, taking over the functions previously administered by the Post Office Savings department. The transformation of Post Bank Uganda into a limited liability company occurred in February 1998 under the legal framework of the Companies Act. The bank's operations are under the oversight of the Bank of Uganda, as mandated by the Financial Institutions Act.

Until December 2021, Post Bank held the classification of a Tier II Institution (Non-Bank Credit Institution) as designated by the Bank of Uganda (BOU), and subsequently, it acquired a Tier I banking license from BOU and its now a Full-Fledged Commercial Bank (Nakaweesi, 2021). In an effort to enhance its operations, Post Bank has implemented various credit management practices with the goal of achieving a 100% loan recovery rate. According to the existing literature, the achievement of this recovery rate depends on critical factors such as loan appraisal processes and the presence of a robust credit risk control policy within the loan collection procedure (BoU, 2020).

Nevertheless, despite Post Bank's impressive 16.7% increase in net profit in 2021, it has continued to grapple with instances of loan defaults, moral hazards, and unfavorable client selection, all of which have adversely impacted the bank's loan performance (Agaba, Tamwesigire & Eton, 2022). By 2020, among the 52,353 loan accounts with a total portfolio size of Ugx 272,639,385,578/=, the bank had 3,117 Non-Performing Loans amounting to Ugx 10,768,776,952/=, and 2,180 loans valued at Ugx 22,812,553,070/= were in arrears, as reported in the Post Bank Loan Performance Report for the 2020/21 fiscal year. This served as the foundational premise for the researcher to scrutinize the impact of credit management on loan performance at Post Bank Uganda.

1.3 Statement of the Problem

Commercial banks globally depend largely on loans extended to clients as a source of funds to finance their operations (Semwogerere, 2020). According to World Bank Report (2022), globally, commercial banks experienced a high Non-Performing Loan (NPL) ratios averaged at 8% between 2014 to 2018. However, later from 2019 NPL ratios increased in most countries and in countries including San Marino, Ukraine and Greece with NPL ratios of 59.0%, 31.7% and 30.3% respectively (World Bank, 2022). In sub-Saharan Africa, the average NPL ratio was around 10% in 2019, with some countries experiencing even higher ratios. For example, Angola had an NPL ratio of 28%, while in Mozambique, it was approximately 26% (African Development Bank Report, 2019). However, the NPL ratio across all African countries averaged around 50% between 2019-2021, indicating a significant deterioration in loan performance (International Monetary Fund Report, 2021). Uganda also faced challenges as banks failed due to increased loan defaults. In 2020, NPL ratio in Uganda was 44.99% but by 2022 it had increased by 5.2% and it was at 50.19% (World Bank Report, 2022). It is noted that although Post Bank scored a 16.7% increase in net profit in 2021, it continued to experience issues with default risks, delinquency, and late loan repayment. The bank's loan performance continued declining despite implementing credit management procedures. By 2020, Post Bank had low loan recovery rate with 3,117 Non-Performing Loans worth Ugx 10,768,776,952/=, and 2,180 loans worth Ugx 22,812,553,070/= which were in arrears out of total bank portfolio size of Ugx 272, 639, 385,578 /=. These numbers reflect borrowers' failure to service their loans or meet their loan obligations in a timely manner, leading to a significant impact on the bank's loan portfolio (Agaba, Tamwesigire, & Eton, 2022; Post Bank Loan Performance Report, 2020/21). This shows that the bank's credit management practices are not effectively addressing loan repayment challenges, which leads to high levels of non-performing loans and arrears. This situation not only threatens the bank's financial stability but also suggests inefficiencies in how credit risks are being managed. If unresolved, these credit management weaknesses could undermine the bank's ability to sustain profitability and financial health in the long term. Therefore, this study aimed to fill this gap by investigating the effect of credit management practices on loan performance at Post Bank Uganda.

1.4. Purpose of the study

The study sought to investigate how credit management practices affects the loan performance of commercial banks, with a focus on Post Bank Uganda.

1.5. Objectives of the study

- i) To examine the effect of loan appraisal process on loan performance in commercial banks in Uganda.
- ii) To establish the effect loan collection procedure on loan performance in commercial banks in Uganda.
- iii) To assess the effect of credit risk control procedure on loan performance in commercial banks in Uganda.

1.6 Research questions

- i) What is the effect of loan appraisal process on loan performance in commercial banks in Uganda?
- ii) What is the effect loan collection procedure on loan performance in commercial banks in Uganda?
- iii) What is the effect of credit risk control procedure on loan performance in commercial banks in Uganda?

1.7 Hypotheses of the study

H₀₁: Loan appraisal process has no significant effect on loan performance in commercial banks in Uganda.

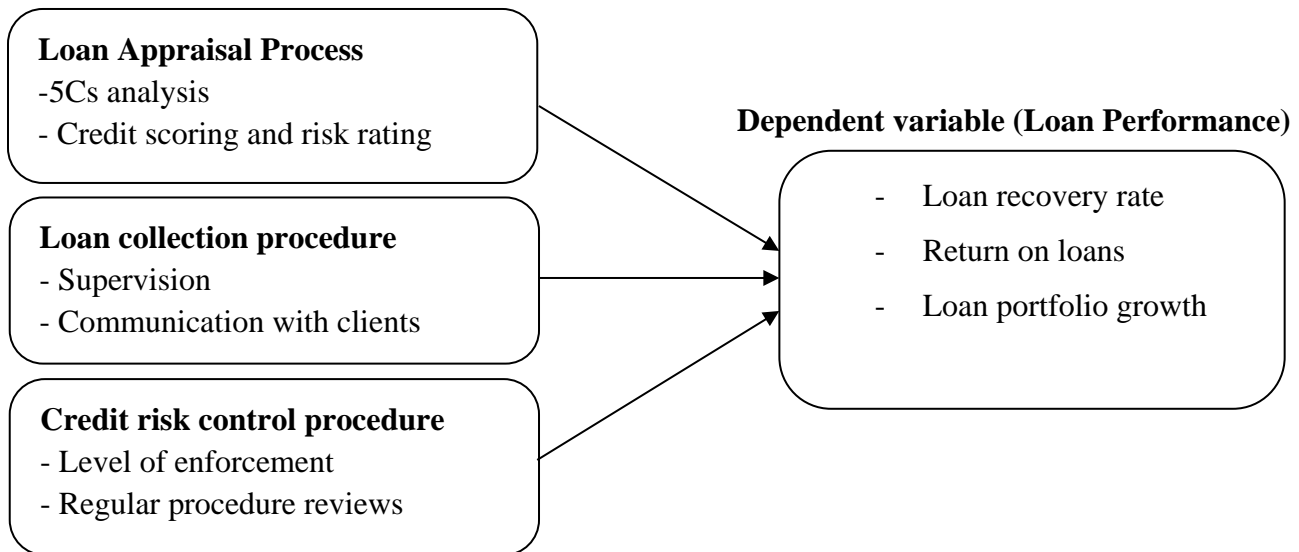
H₀₂: Loan collection procedure has no significant effect on loan performance in commercial banks in Uganda

H₀₃: Credit risk control procedure has no significant effect on loan performance in commercial banks in Uganda

1.8 Conceptual framework

This framework represents linkages between variables under study. The framework shows conceptualized relationship between independent and dependent variable as presented in Figure.1 below.

Independent variable (Credit Management Practices)



Source: Adapted from Pandey (2010), Mbiti, Lugogo, & Koech (2018); Serwadda (2018) and modified by the Researcher (2023)

Figure 1.1: The study conceptual framework

From the conceptual framework above, the independent variable of the study was credit management practices represented by loan appraisal process, loan collection procedure and credit risk control procedure. These constructs have been used because they collectively encompass the key stages of assessing, monitoring, and mitigating risks associated with credit, thus ensuring a comprehensive approach for minimizing defaults and improving loan recovery. The dependent variable, loan performance, was indicated by the loan recovery rate, return on loans, and loan portfolio growth (Serwadda, 2018). These variables were chosen because the prosperity of banks heavily relies on their ability to generate income through lending activities, which, in turn, is

contingent upon effective credit management (Mbiti, Lugogo, & Koech, 2018). In a word, alterations in credit management practices are expected to result in changes in loan performance.

1.9 Justification of the study

Every commercial bank aims to achieve robust loan performance, and Post Bank has instituted various credit management practices to ensure the full recovery of loans. Nonetheless, most research on credit management and loan performance has been conducted outside of Uganda, in countries like Nepal (Kattel, 2015), Nigeria (Ogbol & Okallo, 2013), and Kenya (Kinyuai, 2017; Mbiti, Lugogo, & Koech, 2018). The limited studies carried out in Uganda, such as those by Serwadda (2018) and Twinomugisha (2020), did not specifically target Post Bank and did not encompass the exact constructs of the study variables used in this present research. Consequently, there is a scarcity of information concerning credit management and loan performance at Post Bank, leading to a gap in the existing literature. Therefore, this justification laid the groundwork for investigating the influence of credit management practices on loan performance at Post Bank Uganda.

1.10 Scope of the study

1.10.1 Geographical scope

This research was conducted at Post Bank Head Office located at Plot 4/6 Nkurumah Road Nkrumah Rd, but also considering the branches in Kampala. This so, because it was where policies including the policies regarding credit management practices were drafted and adopted to be implemented in the bank.

1.10.2 Content scope

The study examined the effect of credit management practices on loan performance at Post Bank Uganda. However, specific attention was given to examining how the appraisal process, loan collection procedure, and loan and credit risk control policy affected loan performance. The relationship between the independent variable constructs and loan performance was ascertained, and the predictability levels of the independent variables to the dependent variables were examined based on linear regression. The three constructs of appraisal process, loan collection

procedure, and loan and credit risk control policy were considered in this study because they were the key factors influencing the loan performance at Post Bank Uganda.

1.10.3 Time scope

This study focused on the literature review for a period of 2015-2022. This was the period when there had been increased cases of loan defaults and delinquency despite reforms in the credit management practices being in place.

1.11 Significance of the study

The study's results may assist management of Post Bank in recognizing potential risks stemming from the current lending rates of banks and their influence on the performance of the loan portfolio. This, in turn, would enable the enhancement of the internal control system and design. Anticipating and managing exposure to various established markets, clients, and operational scenarios may contribute to the equilibrium and mitigation of overall loan portfolio risk.

The findings of the study may empower bank staff to adhere more effectively to policies and procedures in handling their loan portfolios, thereby minimizing the risks of fraud, defaults, and other costly errors for the bank.

Furthermore, these findings may encourage customers of commercial banks to adopt a more responsible approach, ensuring compliance with borrowing agreements by submitting authentic documents and making timely payments. This responsible behavior can aid the bank in reducing losses arising from loan defaults.

Lastly, the study's results will make a meaningful contribution to the current understanding of credit management and loan performance. This will help future researchers and scholars to use it as a source of literature through making special reference to the study findings.

1.12 Operational definition of key Terms

Credit management: This involves extending credit, establishing the terms under which it is provided, collecting payments when due, and ensuring adherence to the company's credit policy.

Loan performance: This occurs when the income generated from a loan contract stems from an interest rate premium over the rate at which the funds could have been invested as an alternative.

Loan collection procedures: This refers to any actions taken to increase the possibility that commercial banks would be successful in collecting back the loans given out.

Loan appraisal process: This refers to any actions taken by a lender to determine a borrower's creditworthiness prior to extending loan by gathering relevant data about clients and the endeavors they plan to conduct.

Credit risk control policies: These are policies implemented by a financial institution to reduce a bank's risk related to the rate of return on loans, ensuring that credit risk exposure remains within acceptable parameters.

A commercial bank: This refers to a profit-driven organization or firm involved in the receipt of deposits and the provision of credit to its clients.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter discusses the insights of various scholars, researchers, and academicians regarding the effect of credit management on loan performance. Both local and international literature sources were considered in the study. The literature review follows the sequence of study objectives and concludes with a summary for the chapter.

2.2 Theoretical review

The foundation of this study lies in Edward Altman's credit risk theory, first introduced in 1968, which has significantly influenced our comprehension of credit management practices and their impact on loan portfolio performance (Altman, 1968). This theory utilizes financial ratios to assess the creditworthiness of borrowers and predict the likelihood of loan defaults. Recognizing the inherent risk of default in lending, it acknowledges the potential financial losses for the lender. The theory posits that credit risk arises from uncertainties surrounding a borrower's ability to repay the loan and fulfill contractual obligations (Altman, Sabato & Esentato, 2016).

When applying the credit risk theory, various factors influencing credit risk are taken into consideration, including the financial health of borrowers, industry conditions, macroeconomic variables, and the terms and conditions outlined in the loan agreement (Altman, Sabato & Wilson, 2017b). A significant advantage of the credit risk theory is its structured framework for assessing and managing loan portfolios. By examining these influential factors, lenders can make informed decisions about loan approvals and implement risk mitigation strategies (Altman, Sabato & Wilson, 2017b). Additionally, the theory contributes to the development of credit scoring models and techniques for quantifying credit risk, enabling lenders to objectively evaluate and monitor credit risk within their loan portfolios. These tools enhance the lender's ability to identify and manage potential risks associated with borrowers and their repayment capacity (Altman, Sabato & Wilson, 2017b).

While the credit risk theory offers substantial benefits, it has faced criticism and has certain limitations. One critique suggests that the theory assumes the existence of a stable and efficient market, which may not always reflect real-world conditions. During periods of economic instability or financial crises, credit risk can intensify, challenging the validity of the theory's underlying assumptions (Ijaz, Hunjira, Hameed & Maqbool, 2013). Furthermore, the theory presumes the availability of all relevant information, which may not always be the case (Ijaz et al., 2013). As a result, credit risk procedures can be vulnerable to issues related to informational asymmetry and moral hazard.

Nevertheless, the significance of this theory in the present study lies in its ability to provide a structured framework for understanding credit management by evaluating the effectiveness of loan appraisal, loan collection, and credit risk control practices. Consequently, effective credit management can lead to a reduction in defaults, resulting in an enhancement of loan performance.

2.3 Empirical review

The study empirical review was presented following the order of research objectives.

2.3.1 Loan appraisal process and loan performance

Credit standards are essential criteria utilized by financial institutions to assess client eligibility for credit, reflecting the procedures employed to evaluate creditworthiness. According to Segal (2019), these standards involve a thorough analysis of a consumer's financial capacity to meet loan obligations, which is vital for the sustainability and profitability of credit organizations. Effectively distinguishing between borrowers who are likely to fulfill their repayment obligations and those who may default is critical for minimizing risk and ensuring financial stability. Institutions often adopt a flexible approach to credit standards for clients with a robust credit history, allowing for more favorable terms, while imposing stricter guidelines on applicants deemed at higher risk of default. Furthermore, Segal (2019) highlights that the evaluation of credit risk is multifaceted, encompassing a range of critical factors such as the borrower's character, capacity to repay, available capital, collateral, and prevailing economic conditions. This comprehensive assessment not only aids in making informed lending decisions

but also plays a significant role in shaping the financial landscape by fostering responsible borrowing and lending practices.

In a study conducted by Mulyungi and Mulyungi (2020), the researchers investigated the influence of client evaluation on the financial performance of financial institutions, specifically concentrating on Guaranty Trust Bank Rwanda. The results of their study indicated a positive correlation between client assessment and financial performance. The results emphasized the significance of assessing clients based on financial, personal, and physical attributes incorporated into credit scoring models. They also stressed the importance of utilizing credit reference bureaus and credit risk analysis to identify reliable borrowers. Determining effective strategies for evaluating borrower suitability helps reduce the risk of loan defaults and enhances overall loan performance (Mulyungi & Mulyungi, 2020). However, it's essential to note that their study primarily examined financial performance rather than loan performance and was conducted in Rwanda. Therefore, this study aims to evaluate the relevance of these findings in the context of Uganda.

Kakuru (2015) argued for the importance of having a robust loan appraisal process in place within financial institutions to assess borrowers. This procedure entails a blend of subjective assessments of the borrower's request and an in-depth examination of their financial documents. Typically, the credit department staff initiates the quantitative analysis to aid loan officers, involving tasks such as reviewing financial statements, compiling credit files, projecting the borrower's cash flows, evaluating collateral, summarizing analyses, and providing recommendations (Kakuru, 2015). The credit files encompass a range of documents, including summaries of call reports, historical and current financial statements, credit reports, debt schedules like aging of receivables, and background information about the borrower. Additionally, these files incorporate the most recent loan agreement, cash flow projections, collateral agreements, security documents, any narrative comments from previous loan officers, and copies of correspondence with clients. However, study did not explore how these loan appraisals specifically affect loan performance, a topic that this study aims to investigate.

Marisit (2018) proposed that credit scores serve as valuable tools to enhance credit risk assessment. By scrutinizing credit scores, banks can evaluate both credit and supplier risks, enhance collections, and diminish issues related to loan performance. This highlighted that increased loan performance contributes to enhanced profitability. According to Kenton (2019), the assessment of loans should encompass consideration and planning for potential disruptions that might adversely affect an organization's tangible and intangible objectives and goals. This appraisal process aids organizations in implementing measures to mitigate potential risks. Furthermore, Njeru, Mohamed, and Wachira (2018) conducted a comprehensive study to assess the impact of credit appraisal on the efficiency of commercial banks in Kenya. Their findings revealed a significant influence of credit appraisal on the performance of the banking industry. Strengthening credit assessment by placing emphasis on historical information, credit history, and credit referencing when extending loans to borrowers helps fortify the credit assessment process and reduces the risk of credit defaults. However, their study linked credit appraisal to overall bank performance rather than specifically to loan performance, which is the focus of the present study.

Aliija and Muhangi (2017) adopted a mixed research approach to examine the impact of client evaluation on the effectiveness of credit performance, focusing on microfinance institutions (MFIs) operating in Uganda. The results demonstrated a close relationship between client evaluation and credit performance. According to their findings, enhancing customer appraisal processes within MFIs would enhance their efficiency, resulting in improved credit performance. However, their study was specific to Uganda and focused on the microfinance institution sector, which has a different loan structure and institutional framework compared to commercial banks, the subject of the present study.

Tesfamariam et al. (2015) explored the factors influencing the effectiveness of rural SACCOS (Savings and Credit Cooperative Societies) in Ethiopia. Their study revealed that loans, salaries, and expenses had a positive impact. They also noted a lack of adherence to client assessment procedures, contributing to higher default rates, which posed a risk to the growth and sustainability of these SACCOS. Their study suggested that implementing appropriate policies and stringent client evaluation procedures, based on financial histories and repayment capacity,

could enhance the financial standing and economic well-being of SACCOs by ensuring that loans are granted to eligible individuals. However, their study focused on SACCOs, which have different loan structures than commercial banks, and it was conducted in Ethiopia. Thus, it is crucial to determine the applicability of these findings in the Ugandan context through the present study.

2.3.2 Loan collection procedure and loan performance

Credit providers, particularly financial institutions, have implemented stringent measures to mitigate financial risks associated with improper loan allocation and ineffective credit recovery processes (Nikolaidou & Vogiazas, 2014). These precautionary steps are critical in safeguarding the financial health of these institutions, as poor loan recovery practices can result in significant losses and potentially threaten their stability. Research by Frank, Simon, and Josephine (2014) emphasizes the necessity of robust and efficient loan collection procedures to ensure consistent recovery of client loans, thereby reducing the likelihood of default. The failure to recover loans adequately not only poses financial risks but can also lead to the collapse of the lending institution, as evidenced by numerous cases in the financial sector. This study seeks to delve deeper into this issue by investigating the loan recovery processes of Post Bank, exploring how inadequate recovery mechanisms may contribute to financial instability and assessing the effectiveness of the measures employed to prevent potential losses.

Mwenje (2016) conducted an inquiry into the connection between collection procedures and the loan performance of microfinance organizations in Kenya. The study encompassed 12 licensed microfinance institutions in Kenya, employing regression analysis to establish the correlation between collection policies and the credit outcomes of these organizations. The findings suggested that well-executed collection procedures contribute to heightened credit efficiency in microfinance organizations, resulting in increased profits and enhanced shareholder value. Additionally, microfinance firms with diversified portfolios tended to demonstrate more effective savings and credit policy procedures, thus enhancing their financing capabilities. The implementation of specialized payment capability systems was also identified as a factor that reduces defaults and improves overall operational efficiency (Mwenje, 2016). However, it is important to note that this study was centered on microfinance organizations, which have distinct

loan structures compared to commercial banks. Additionally, the research was carried out in Kenya, and its applicability to the Ugandan context must be evaluated in the present study.

Kariuki (2017) emphasized the significance of robust credit monitoring protocols to guarantee that loans are accessible only to borrowers deemed creditworthy. The emphasis of these monitoring mechanisms should be on achieving outstanding performance rather than solely concentrating on minimizing financial risks. Karugu and Ntoiti (2015) discovered that credit monitoring accounted for a substantial portion (47.8 percent) of changes in profitability. Cain (2014) advised executive managers to exercise risk tolerance in credit risk monitoring, enabling them to implement measures that reduce high risks, prevent non-performing loans and bad debts, and ultimately enhance profitability. Marisit (2018) also emphasized the identification of potentially risky clients as a strategy to reduce revenue losses, thereby increasing net income and profitability. However, these principles need to be tested for their applicability within the context of Post Bank Uganda.

According to Padilla and Pagano (2016), collection activities should prioritize the swift recovery of late payments and the reduction of bad debt losses to enhance the profitability of banking institutions. Timely payment of invoices by all clients is vital to the effectiveness of collection methods. Slow or non-existent payments by some clients result in financial losses for microfinance organizations, which can negatively impact the performance of their loans. Therefore, collection efforts should focus on expediting payments from tardy payers and minimizing bad debt losses (Kariuki, 2010). The rationale behind this approach is that not all clients fulfill their payment responsibilities; some are negligent, others forget, and some simply lack a culture of timely payment unless persuaded. Hence, the objective of collection operations is to accelerate payments from those who are behind schedule to reduce bad debts. The goal is to enhance turnover while keeping bad debts to a minimum. It is crucial to exercise restraint, especially with long-term clients, to avoid driving them to competitors. Kibor, Ngahu, and Kwasira (2015) point out that the primary concern of any lender when extending a loan is ensuring the recovery of their investment.

2.3.3 Credit risk control policy and loan performance

Warui (2014) conducted a comprehensive investigation into the effectiveness of credit risk control policies within Savings and Credit Cooperative Organizations (SACCOs) in Nairobi, Kenya, focusing on how these policies influence profitability. The study examined critical aspects such as credit approval systems, credit portfolios, credit scoring, and risk analysis, all of which were found to positively impact SACCO profitability, loan portfolio growth, and overall earnings. This highlights the vital role that robust credit risk management plays in enhancing financial stability and operational success in microfinance institutions. Warui's (2014) findings are particularly significant, as they demonstrate the importance of implementing effective risk control measures to safeguard against potential loan defaults, a challenge that can jeopardize profitability if inadequately addressed. However, it's essential to note that the study's focus on SACCOs and microfinance institutions in Kenya presents a distinct context, with different loan structures compared to commercial banks. These institutions typically serve a more localized clientele with varying credit needs and risk profiles, making credit risk control measures all the more crucial for their sustainability.

According to Churchill and Coster (2015), banks can significantly mitigate the risk of loan defaults by designing loan products that align with customer expectations. The customization of key features such as loan size, interest rates, fees, repayment schedules, collateral requirements, and unique terms to the specific purpose of the loan is highlighted as a crucial strategy. The researchers also emphasized the importance of establishing a committee responsible for making decisions regarding loans as a crucial control measure to mitigate credit and fraud risks. Distributing decision-making authority helps prevent potential misuse and cover-ups, as one person does not have sole control over decisions about loan approvals, write-offs, rescheduling, and loan terms. The credit committee not only sanctions loans but also monitors their progress and engages in delinquency management when borrowers encounter repayment issues (Churchill & Coster, 2015). However, their study did not investigate the impact of these credit risk control policies on overall loan performance, which is the focus of the current study.

Nagarajan (2014) examined the credit risk control policies of ten microfinance institutions in Mozambique and noted that these policies are continuously evolving. Effective policies should

consider a firm's commitment to properly implementing and organizing the strategy. A positive outcome of such policies was the ability to minimize losses, protect assets, establish robust institutional frameworks, employ skilled personnel, instill discipline among customers, and fully integrate shareholders by effectively managing cash flow (Nagarajan, 2014). Nevertheless, the study assessed the general performance of microfinance organizations, while the present study specifically targets loan performance in a commercial bank. Furthermore, the study was conducted in Mozambique, lacking a Ugandan perspective.

Nakabuye and Balunywa (2018) highlighted that banks with well-structured credit risk control policies tend to experience significantly lower default rates and higher loan recovery rates than those with weaker policies. This effectiveness is attributed to several factors, including high credit scoring accuracy, thorough collateral valuation, and efficient loan monitoring practices, all of which contribute to better loan performance and overall financial stability. Furthermore, Akol and Buyinza (2019) reinforced these findings by demonstrating that banks with stronger credit risk control mechanisms report lower levels of non-performing loans (NPLs) and higher profitability. The success of these banks stems from their comprehensive approach to credit risk management, which includes regular credit risk assessments, precise loan classification, and adequate provisioning. These practices enable banks to mitigate risks, maintain financial health, and enhance profitability, underscoring the critical importance of rigorous credit risk control policies in the banking sector.

2.4 Conclusion

The literature review revealed that several scholars had conducted extensive research on loan portfolio management and its performance. However, it also highlighted certain gaps in the existing body of literature. One significant gap was the limited number of studies that delved into the impact of credit management on loan performance, particularly concerning the loan appraisal process, loan collection procedures, and credit risk control policies. A substantial portion of the research in this field had been conducted in foreign countries, resulting in a noticeable dearth of literature from a Ugandan perspective. To bridge this gap, the present study exclusively focused on Uganda, with a strong emphasis on evaluating how credit management practices affected loan

performance within the context of a Ugandan commercial bank. The research aimed to provide valuable insights that enhanced the state of knowledge at that time.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter presents the study methodology clearly indicating different methods that were used. The section presents the research approach, research design, study population, determination of sample size, sampling techniques, sources of data, data collection methods, data collection tools, procedures of data collection, data quality control, data processing, analyzing and presentation and ethical consideration emphasized in the study.

3.2 Research approach

The research employed a mixed-method approach, integrating both quantitative and qualitative data collection methods. Quantitative methods, such as structured surveys and statistical analysis, were used to gather measurable data and identify patterns or relationships between variables. At the same time, qualitative methods, such as in-depth interviews provided rich, contextual insights into participants' experiences and perceptions. The use of a mixed-method approach was intended to facilitate triangulation, leveraging the strengths of one data type to compensate for the limitations of the other.

3.3 Research design

As described by Kothari (2014), the research design served as a well-structured blueprint that outlined the methodology for addressing the research inquiries at hand. In this study, a cross-sectional survey design was employed. This specific research design allowed for data collection from a diverse group of individuals at a single, well-defined point in time (Crosswell, 2014). The selection of the cross-sectional survey design was based on its efficiency in rapidly and cost-effectively amassing a substantial quantity of field data.

3.4 Study population

Kombo and Tromp (2016) provided a definition of a population, characterizing it as a collective of individuals, objects, or items from which samples are drawn. In the context of Post Bank, the Credit Department was tasked with loan management. The Credit Department comprised a total of 225 members. Among these, seven held senior positions within the department, including three key decision-makers at the top management level, while the remaining 218 members served in various roles as Credit Staff in Post Bank Branches. These categories were considered because they are the ones dealing directly loans in the bank.

Table 3.1: Population of the study

Category	Target Population
Credit Management Top Officials	07
Staff Members of Credit Department including those in Branches	218
TOTAL	225

Source: Human Resource Staff Report 2022/2; List of branches (Appendix VII)

3.5 Sample size determination

Sample size refers to a portion of individuals, objects, or items chosen from the overall population with the purpose of representing that larger population in a specific research study (Mbabazi, 2011). In this particular study, a total of 140 respondents were involved and these were proportionally divided between the two categories. The decision to include this number of respondents was guided by the Krejcie and Morgan (1970) table, as detailed in Table 3.1 provided below.

Table 3.2: Sampling and sample size determination

Category	Population	Selected sample	Sampling technique	Data Type
Credit Management Top Officials	07	04	Purposive	Qualitative

Staff Members of Credit Department including those in Branches	218	136	Simple Random	Quantitative
TOTAL	225	140		

Source: Human Resource Staff Report 2022/2; List of branches (Appendix V)

3.6 Sampling techniques

The researcher utilized both simple random and purposive sampling techniques to select participants for the collection of quantitative and qualitative data, respectively. This selection process is detailed below:

3.6.1 Simple random sampling

This is a technique where each potential respondent has an equal chance of being selected for the study, as described by Kombo and Tromp (2016). In this study, this method was employed to choose participants from the pool of Staff Members within the Credit Department. Since all Staff Members in the Credit Department including those in branches possessed the necessary information, each of them had an equal chance of being part of the study. The selection of participants was contingent on their willingness to participate in the research and their accessibility to the researcher, thus minimizing sampling bias. This technique was specifically applied for the collection of quantitative data.

3.6.2 Purposive sampling

This is a method used for selecting participants, where the researcher directly identifies individuals who possess substantial and specific knowledge related to the study's objectives (Amin, 2005). In this study, this technique was used to choose participants from the group of Credit Management Top Officials who contributed qualitative data. This method was selected because it focused exclusively on individuals who possessed in-depth and pertinent insights regarding the subject of the study (Amin, 2005). Consequently, Credit Management Top Officials were more likely to offer comprehensive information regarding credit management and loan performance. Furthermore, purposive sampling was a rapid and cost-effective approach compared to other data collection methods.

3.7 Data collection methods

The study considered the survey questionnaire and interviewing.

3.7.1 Survey questionnaire

To gather quantitative data, a well-structured questionnaire was employed, and physical copies of these questionnaires were distributed for data collection in the field. Following an initial briefing, the participants received these structured questionnaires for completion. In accordance with the guidance of Sarantakos (2005), the questionnaire consisted of closed-ended questions formulated in line with the study's objectives, accompanied by Likert scale responses. This data collection method was used specifically for Staff Members within the Credit Department including those in branches.

3.7.2 Interviewing

To acquire a more profound insight into the impact of credit management on loan performance, the research integrated the use of interviews. These interviews involved in-person conversations between the interviewer and the participants, as recommended by Leedy and Ormrod (2015). The purpose of these interviews was to elicit comprehensive perspectives and insights from the participants. The research involved conducting interviews with senior officials in Credit Management. For these interview sessions, a meticulously designed interview guide was prepared to facilitate the process.

3.8 Data collection instruments

3.8.1 Questionnaires

The questionnaire served as a tool for collecting data, encompassing a series of inquiries strategically crafted to aid the researcher in acquiring the necessary data for the study, as outlined by Mugenda and Mugenda (2013). The questionnaire included queries with predetermined response options arranged on a 5-point Likert Scale. These questionnaires were distributed to individuals with the ability to read and respond. This data collection approach was chosen for its ability to maintain a high level of confidentiality and reliability among the research participants.

3.8.2 Interview guide

This is a collection of semi-structured questions, typically administered to key informants, allowing them ample room to discuss the topic openly (Amin, 2005). To ensure consistency and minimize bias, an interview guide was meticulously crafted. The researcher engaged in verbal interviews with Credit Management Top Officials. These interviews offered a chance for direct interaction between the researcher and the respondents, facilitating in-depth expression and the provision of extensive details related to the study objectives.

3.9 Measurement of study variables

To evaluate the influence of credit management on loan performance, a Likert scale comprising five response options was utilized as previously recommended and used by (Bouranta, Chitiris & Paravantis, 2009). Respondents were requested to indicate their level of agreement or disagreement with the items in the questionnaire. The scale encompassed a spectrum from 1 (Strongly Disagree) to 5 (Strongly Agree), with intermediary choices of 2 (Disagree), 3 (Neutral), and 4 (Agree). These collected responses were then analyzed to assess the respective variables. Credit management practices were scrutinized by considering factors like the loan appraisal process, the loan collection procedure, and the credit risk control policy as picked from (Mbiti, Lugogo, & Koech 2018; Serwadda, 2018). Conversely, loan performance was gauged through metrics such as loan recovery rate, return on loans, punctual repayment rates, and loan portfolio growth as picked from (Pandey, 2010).

3.10 Data collection procedure

Upon obtaining approval from the supervisor for the research proposal and data collection instruments, the researcher initiated the process of acquiring an introductory letter from the School of Graduate Studies at Kyambogo University. This introductory letter was utilized to introduce the researcher to the management of Post Bank and the potential participants. Upon obtaining consent and permission from the participants, the researcher proceeded with the data collection process, which included distributing questionnaires and scheduling interviews. Before commencing the main study, a pilot study was conducted to assess the effectiveness of the data collection instruments. The primary objective of this pilot study was to improve the validity and reliability of the research tools.

3.11 Data quality control

The study ensured data quality control through ensuring validity and reliability of study of tools (Yin, 2014).

3.11.1 Validity

Validity of a data collection instrument is its appropriateness to measure a variable or construct and yield intended results (Amin, 2005).

3.11.1.1 Validity for Quantitative Data

Both the face and content validity of the study instruments were evaluated. The supervisors assessed the resources for face validity and provide feedback on the questionnaires and interview guide questions (Golafshani, 2003). For content validity index, the researcher consulted 2 research experts at the level of research supervisors at Kyambogo University who were requested to rank the items in the tool as either Relevant (R) or Irrelevant (IR). From their judgments, Content Validity Index (CVI) was computed using the formula: $CVI = R/(R+IR)$. The tool was regarded as since all the CVIs were above 0.7 as recommended by (Mugenda & Mugenda, 2013).

Table 3.3: Validity test of tool

Construct	Total Items	Relevant Items	Irrelevant	CVI
Loan Appraisal Process	07	06	01	.71
Loan Collection Procedure	07	06	01	.86
Credit Risk Control Procedure	07	05	02	.71
Loan Performance	07	07	00	1.00

Nevertheless, necessary adjustments were made on questions that were ranked Irrelevant (IR) to improve the validity of the tool.

3.11.1.2 Validity for qualitative data

The validity testing of the qualitative data tool involved evaluating its accuracy and suitability in measuring the intended constructs. Supervisors reviewed the tool's items to ensure they were relevant and clear. This process helped confirm the instrument's trustworthiness and appropriateness for capturing the desired qualitative information.

3.11.2 Reliability

Reliability concerns the degree to which a set of variables consistently measures the aspects they are intended to evaluate (Amin, 2005).

3.11.2.1 Reliability for Quantitative Data

To ensure that the instrument were reliable, results from the main study were tested for reliability. The data was entered into SPSS Ver. 20 and subjected to reliability testing, utilizing Cronbach's alpha values. The research instrument used was deemed reliable as all constructs achieved alpha values exceeding 0.7, in accordance with the recommended threshold (Mugenda & Mugenda, 2013).

Table 3.4: Reliability test of tool

Construct	Item tested	Alpha values
Loan Appraisal Process	07	.732
Loan Collection Procedure	07	.722
Credit Risk Control Procedure	07	.753
Loan Performance	07	.771

3.11.2.2 Reliability for Qualitative Data

To assess the reliability of the qualitative data, triangulation methods were employed, including comparing the findings with existing literature, maintaining interview diaries, and conducting member checks. These approaches ensured the trustworthiness of the qualitative results, affirming the data's relevance and alignment with the studied context (Creswell & Creswell, 2018).

3.12 Data analysis and presentation

3.12.1 Quantitative data

The data analysis process encompassed multiple phases, including data cleanup, editing, and coding. Descriptive statistics, specifically means and standard deviation, along with linear regression analysis, were employed for data analysis. The data underwent coding and thorough checks for errors and omissions, following the guidelines presented by Kothari (2014). The

presentation of findings utilized frequency tables, percentages, and means. Responses from the questionnaires were systematically tabulated, coded, and processed through the Statistical Package for Social Science (SPSS) program on a computer. The relationship between the dependent variable (Y), which is Loan Performance, and the independent variables (X) was tested using a linear regression model, as described in (Obae & Jagongo, 2022). The model was represented as: $Y = B_0 + BX_1 + BX_2 + BX_3 + e$, where Y represents Loan Performance, B_0 is the constant, X_1 is the Loan Appraisal Process, X_2 is the Loan Collection Procedure, X_3 is the Credit Risk Control Policy, and represents the error term. This model was used to explain how individual constructs of Credit Management practices, including the Loan Appraisal Process, Loan Collection Procedure, and Credit Risk Control Policy, predict Loan Performance. The significance of the correlation results were interpreted basing on P-value = 0.01 while the significance of the regression results were interpreted basing of both P-value = 0.05 and P-value = 0.01.

3.12.2 Qualitative data

From interviews, data underwent continuous review to ensure their thoroughness and accuracy. The information collected via interview schedules was systematically structured into meaningful and comprehensive categories. The primary method for analyzing this data involved content analysis, with a specific emphasis on assessing the data's sufficiency, trustworthiness, utility, and coherence, in accordance with the guidance provided by Mugenda & Mugenda (2013). The amassed data were organized and grouped based on the emerging themes and variables extracted from each question outlined in the interview guide. To bolster the study's credibility, data from all sources were cross-referenced and compared during the analysis phase. Noteworthy and pertinent quotations, sentences, statements, and expressions were thoughtfully selected and incorporated into the study to effectively convey the authentic viewpoints and perspectives of the interviewees regarding the study's variables.

3.13 Ethical consideration

According to Creswell (2014), ethical considerations in any research were considered to be highly critical. An ethical researcher upheld principles such as confidentiality, obtaining consent from respondents, avoiding plagiarism, and respecting respondents' privacy.

For confidentiality reasons, all the responses provided by the respondents, both from the interviews and questionnaires were solely considered for academic purposes, and access was granted only to parties directly linked to the study.

To participate in the study, individuals were required to fill out a consent form. The researcher provided a clear and comprehensive explanation to the respondents regarding their roles and rights in the study. Only individuals who willingly provided their consent were included, while those who expressed hesitancy or declined were not part of the study.

During the literature review, different researchers, scholars, and academicians were referred to by rephrasing and paraphrasing their statements to avoid cases of plagiarism, and the research was tested for plagiarism using Turnitin.

Access to data collected from the field was limited. After data collection, only the supervisor and other academic authorities directly connected to the study had access to the tools. Moreover, the data collection tools did not include the names of the respondents or any other information that could potentially reveal the identity of the participants, ensuring their privacy was protected.

3.14 Limitations to the study

The following limitations were encountered;

The utilization of self-reporting measures in this study might have been influenced by response bias, as participants might have provided inaccurate or socially desirable responses, which could have led to distorted results. To mitigate this issue, the researcher employed anonymous or confidential survey methods to minimize the impact of social desirability bias.

It was possible that certain respondents were reluctant to answer specific questions in the questionnaire due to concerns that the information provided could be used against them, such as for taxation purposes. However, this potential reluctance was addressed by assuring participants that the information being requested was solely for academic purposes and would be treated with confidentiality.

CHAPTER FOUR

PRESENTATION, ANALYSIS AND INTERPRETATION OF STUDY FINDINGS

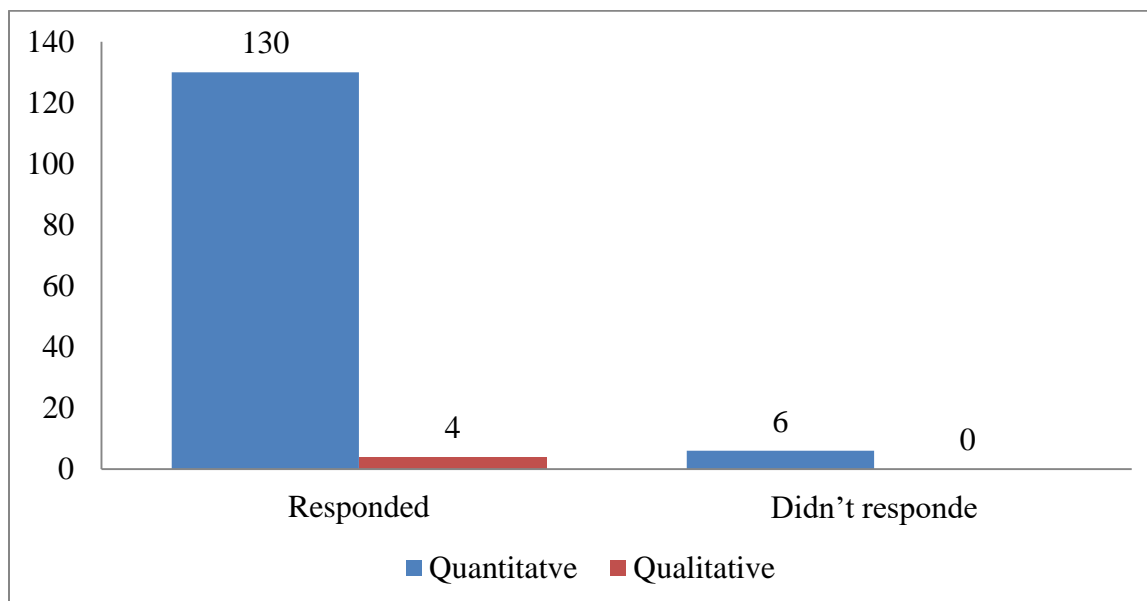
4.1 Introduction

This chapter captures the presentation, analysis and interpretation of the study findings. The chapter includes the presentation of the descriptive statistics of the study, specifically on the demographic characteristics of the respondents and followed by findings on critical variables in the study objectives which included examining the effect of loan appraisal process on loan performance, loan collection procedure on loan performance and credit risk control procedure on loan performance in commercial banks in Uganda.

4.2 Response rate

The figure below depicts the number of respondents who successful responded and those who did not.

Figure 4.1: Showing the response rate



Source: Field data, 2023

Based on the data presented in Figure 4.1, it's worth noting that out of the 140 targeted participants, 134 (95.7%) provided responses, while 6 (4.3%) did not. This highlights that the response rate surpasses the 70% threshold, as advised by the Guttmacher Institute (2006), establishing the study's response rate as commendable.

4.3 Findings on the bio-data of the respondents

The study gathered respondents' biographical information to assess different factors, such as sex, educational background, age, and tenure at Post Bank. The findings were showcased through frequency and percentage which are presented in the tables below.

Table 4.1: Sex of respondents

Category	Frequency	Percent
Male	110	84.6
Female	20	15.4
Total	130	100.0

Source: Field data, 2023

From Table 4.1 above, it emerged that 84.6% of the participants were male, whereas 15.4% were female, indicating a significant predominance of male representation in the study. This trend could be associated with the strenuous nature of tasks related to credit management in commercial banks, often leading to a higher representation of men. Men are commonly perceived as more adaptable to such roles than women. Furthermore, it is important to note that the study aimed for objectivity, and as such, gender distinctions did not influence the study's validity or accuracy.

Table 4.2: Highest education level attained

Category	Frequency	Percent
Degree	93	71.5
Masters	33	25.4
Others	4	3.1
Total	130	100.0

Source: Field data, 2023

According to the data provided in Table 4.2, it is evident that 71.5% of the respondents possessed bachelor's degrees, 25.4% held master's degrees, and 3.1% had other qualifications,

such as postgraduate and professional courses. This indicates that all participants had received formal education. Their educational backgrounds equipped them with the necessary understanding to comprehend the survey questions and offer reliable responses concerning the study's subject matter.

Table 4.3 Age bracket of Respondents

Category	Frequency	Percent
18 to 29	33	25.4
30 to 39	66	50.8
40 to 49	25	19.2
50 to 59	5	3.8
60 and above	1	.8
Total	130	100.0

Source: Field data, 2023

From Table 4.3 above, it was revealed that 76.2% of the participants were below the age of 40, and 23.8% were 40 years old and above. This implies that a significant majority of the respondents were in the youthful phase of their lives, a factor conducive to effectively handling the demanding responsibilities associated with credit management in commercial banks.

Table 4.4: Period spent working with Post Bank

Category	Frequency	Percent
Less than 1 year	8	6.2
1-3 years	65	50.0
4-6 Years	38	29.2
7-9 years	8	6.2
10years and above	11	8.5
Total	130	100.0

Source: Field data 2023

As shown in Table 4.4 above, it is evident that the largest portion of the respondents, accounting for 50.0%, had work experience ranging from 1 to 3 years with Post Bank. This was followed by 29.2% who had worked for a duration of 4 to 6 years, while 8.5% had accumulated 10 years or more of experience. Additionally, 6.2% of the participants had a tenure of 7 to 9 years, and another 6.2% were relatively new employees with less than a year of experience at Post Bank. This information highlights that a considerable portion of the participants had been working at Post Bank for an extended period, surpassing one year. As a result, they had acquired an in-depth

knowledge of credit management and loan performance within Post Bank, rendering them well-prepared to offer reliable insights regarding the study's objectives.

4.4 Descriptive statistics basing on the study objectives

4.4.1 Loan appraisal process and loan performance

The first objective of the study focused on the effect loan appraisal process on loan performance. All participants were directed to rank their responses, and the findings were subsequently analyzed using means, and standard deviations for interpretation. The extracted descriptive statistics (mean) were also compared to the grand mean to ascertain the level of agreement or disagreement towards the statement.

Table 4.5: Responses on loan appraisal processes

<i>Statement</i>	<i>Min</i>	<i>Max</i>	<i>Mean</i>	<i>S.D</i>
We assess the repayment history of a client before giving out a loan	1	5	4.86	.443
The bank aligns the credit worthiness and guarantee of clients with the size of the loan to be issued.	1	5	4.67	.698
The loan applicant has to submit business plans before getting of loans	1	5	3.84	.824
The bank always analyses the financials of loan applicant before extending loans	1	5	4.70	.632
Loan applications beyond the clients' capacity to service the loan cannot be considered	1	5	4.54	.942
When appraising the client, his/her character is always considered	1	5	4.57	.759
The bank has competent personnel for carrying out loan appraisal	1	5	4.54	.707
GRAND MEAN			4.53	

Source: Field data, 2023

From Table 4.5 above, it was revealed that the bank assesses the repayment history of a client before giving out a loan. This was supported by a high mean value of (Mean = 4.86) since it was same higher than as the grand mean of (4.53). On top of that, there was consistency in responses because of the standard deviation was below one (.443). The repayment history is assessed to ensure that client with bad loan repayment history from Post bank or any other financial institution are not given loans or strictly regulations and procedures are employed on them to

ensure that the disbursed loans are recovered. These were similar to the interview results and one of the respondents reviewed that;

“...the credit officers make sure that client’s repayment history is assessed. ...we request for bank statements and we also extract financial information about the client from Credit Reference Bureau to determine the financial capacity of the client” (Respondent - 1).

On the issue of the bank aligns the credit worthiness and guarantee of clients with the size of the loan to be issued, majority of the respondents were in agreement with it. This was supported by a high mean value of (Mean = 4.67) which was above the grand mean of (4.53) with little variance in responses because of the standard deviation being below one (.698). This meant that before disbursing a loan to the client, the credit officers ensures that credit worthiness of the clients and that of the guarantee aligns with the size of the loan. This is done to ensure that the client is given the loan that he/she can afford to pay back. Similarly from the interviews, the qualitative results revealed that credit worthiness of the client is conducted and on respondents revealed that;

“...we make sure that we carry out the analysis of credit worthiness of the client. ...we look at future cash flow projectswe look at purpose of borrowing (ability to pay and other sources of income that can be used to clear the obligation and also review the businesses' credit score by running a credit report” (Respondent - 4).

Still the results scored a low mean value of (Mean =3.84) which was lower than the grand mean of (4.53) with consistency in responses because of the standard deviation being above one (.824) revealed that majority of the respondents opposed the statement that the loan applicant had to submit business plans before getting of loans. This meant that not all loan applicants were required to submit business plans. This was because clients were wanted loans for other venture like schools which may not require to first developing a business plan. Similarly from the interview results, it was revealed that not all loans request business plan and one of the respondents revealed that;

“...however much we request for business plans, this is not done on every loan. ...the business plan is mostly required when someone wants a business loan or a loan for

construction ...but for other straight forward loans like personal loans may not require business plans” (Respondent - 2).

Furthermore, with a high mean value of (Mean = 4.70) which was higher the grand mean of (4.53) with little variances in responses because of the standard deviation being below one (Std. Dev =.632), meant that majority of the respondents agreed with the statement that the bank always analyzed the financials of loan applicant before extending loans. This meant that at Post Bank had to first assess the financial statements of the client to determine his/her financial revenues and cash flows of his/her businesses. This is done to ensure that the loan is given to a person who has the capacity to pay back. Relatedly, the qualitative data revealed that;

“...Yes, we carry out financial analysis on our clients to ensure that the client has enough funds to repay. ...we request for bank statements and we also extract financial information about the client from Credit Reference Bureau to determine the financial capacity of the client” (Respondent - 1).

It was revealed that loan applications beyond the clients’ capacity to service the loan were not considered. With consistency in responses because of the standard deviation being below one (.942), the findings were supported by a high mean value of (Mean =4.54) which was greater than the grand mean of (4.53) which was the threshold. This is because clients’ capacity determines the client repayment capacity. Therefore, considering a loan applications beyond the clients’ capacity may not be considered because it’s a sign that client may not be in position to payback. From the qualitative results, it was revealed that indeed that loan applications beyond the clients’ capacity to service the loan were not considered;

“...we critically assess the application form of the client and the capacity of the client to pay back. ...if the amount applied for are beyond the capacity of the client, then the loan cannot be considered” (Respondent - 2).

Furthermore, on the issue of when appraising the client, clients’ character were always considered, it scored a higher mean value of (Mean = 4.57), which was higher than the grand mean (4.53). With the consistency in the responses because of the standard deviation being below one (Std. Dev =.759), the findings implied that clients’ characters were assess. This was done to ensure only clients with good character are considered for the loans to reduce on the

chances of loan default. The same finding were revenue from the interview results and one of the interviews revealed that

“...we critically look at the character of the client. ...we look at the payment history of the client for different things like previous loans, home utilities, the past bankruptcies or foreclosures and also if there is any legal judgments against the client...failure to reflect a positive character, the client is dropped (Respondent - 3).

Lastly, results showed that the bank has competent personnel for carrying out loan appraisal. This was supported by a high mean value of (Mean = 4.54) which was above the grand mean of (4.53) on top of showing little variance in response because of the standard deviation was below one (SD =.707). This is because all the workers in the credit department were graduates with at least bachelors' degree in fields related to credit management. Therefore, they had some relevant knowledge regarding loans and loan appraisals. Similarly, the interview results reviewed that the bank has competent personnel and one of the respondents revealed that;

“...we have competent personnel to carry out loan appraisal ...the bank employs only graduates. ...but on top of that we train them on different banking skills including loan appraisal” (Respondent - 1).

4.4.2 Loan collection procedure and loan performance

The second study objectives examined the effect of loan collection procedure on loan performance. Like objective one, all respondents were instructed to rank their responses and means, and standard deviations were used to interpret the results. The computed descriptive statistics (mean values) were contrasted with the grand mean to determine the degree of concurrence or disparity with the statement.

Table 4.6: Responses on loan collection procedure

<i>Statement</i>	<i>Min</i>	<i>Max</i>	<i>Mean</i>	<i>S.D</i>
The bank reminds clients of their repayment amount through SMS/calls	1	5	4.31	.922
The bank reminds clients of their repayment date through SMS/calls.	1	5	4.26	.948
The clients' files are tracked from loan acquisition to final payment of the principal	1	5	4.43	.818
The bank tracks the collateral security from loan acquisition to repayment	1	5	4.42	.757
The bank gives stringent repayment conditions to defaulters once they default on the first installment	1	5	3.98	.960
The bank continuously monitors the operations of the client until the loan is full paid back	1	5	4.36	.865
The bank holds regular loan recovery meetings with the clients for smooth recovery of the loan	1	5	3.40	.853
GRAND MEAN			4.17	

Source: Field data, 2023

From Table 4.6 above, it was revealed that the bank reminds clients of their repayment amount through SMS/calls. These findings were supported by a higher mean value of (Mean = 4.31) since it was above the grand mean of (4.17) with low variance in responses since the standard deviation was below one (SD =.922). Similarly, the findings revealed that the bank reminds clients of their repayment date through SMS/calls. This was support by a high mean valve of (Mean =4.26) which was higher than the grand mean of (4.17) on top of registering low response variance since the since the standard deviation was below one (SD =.948). This was so because the credit officers usually send reminder messages to client on the loan repayment due date and some even go ahead to call them in cases where the clients fail to respond to the SMS message sent. Results from the interviews revealed that indeed clients are reminded and one the respondents revealed;

“...after giving out a loan, the contacts of the client, and any other information regarding the loan are captured in the system. ...this bank system automatically sends the reminders to the client about the due dates for repayment ...but also in

some cases the loan officers call or send the messages to the clients reminding them about the loan repayment” (Respondent - 4).

On the issue of whether the clients’ files are tracked from loan acquisition to final payment of the principal, it scored a high mean value of (Mean=4.43) which was above the grand mean of (4.17) with little variance in responses since the standard deviation was below one (SD=.738). This meant that the clients’ files were tracked from loan acquisition to final payment of the principal. This was indeed to keep in the loan payment due date and the amount to be payment. Relatedly, results from the interviews revealed that;

“...every client’s file is kept safely and tracked until the loan is paid back. ...after the loan has been paid, the file is still kept safely in records and in case he/she applies for another loan in future, that file is used as the basis for client assessment” (Respondent - 2).

Furthermore, results revealed that the bank tracks the collateral security from loan acquisition to repayment. This was supported by a high mean value of (Mean = 4.42) which was greater than the grand mean of (4.17) with consistency in responses since the standard deviation was below one (SD =.757). Therefore, this was done to ensure that the item used collateral security for the loan is available in good condition and is not solid or misplaced by the before the repaying the whole loan. Similarly, from the interviews, it was revealed that the bank tracks the collateral security from loan acquisition to repayment and one respondent revealed;

“...we request for a collateral security for some loans.Collateral on a loan, backs up client promise to repay the lender with a physical asset. ...expression of willingness to pay. ...in case of foreclosure we recoup the loan through selling the security. ...this makes us track the collateral security until the loan is paid back” (Respondent - 1).

On the issue of the bank giving stringent repayment conditions to defaulters once they default on the first installment, it scored a low mean value of (Mean = 3.98) which was less than the grand mean of (4.17) with little variations in responses because of the standard deviation being below one (SD =.960). These meant conditions were not stringent. This is because most time loan

defaults face different challenges that make them fail to pay, therefore, the bank usually offers them flexible arrangements to enable them pay the loan which handling their personal challenges. From the interviews, it was revealed that;

“...the conditions for repayments are stringent but also flexible. ...in case the client encounters some challenges the loans’ committee may sit and revise the loan payment terms” (Respondent - 3).

It was further revealed that there the bank continuously monitors the operations of the client until the loan is full paid back. This was supported by a higher mean value of (Mean =4.36) which was above the grand mean of (4.17) with the consistency in responses because of the standard deviation being below one (SD =.865). This is because the credit officers have to ensure that the client is using the loan for the right purpose in order to reduce to chance of loan default. From the interviews, it was revealed that loan monitoring in continuous and one respondent revealed;

“...the loan monitoring process is continuous until the is loan paid ...the loan officer monitors all the operations of the client to ensure that the loan disbursed is used for the intended purpose until the loan principal and interest are recovered” (Respondent - 3).

Lastly, from Table 4.6 above, regarding the issue of the bank holding regular loan recovery meetings with the clients for smooth recovery of the loan, it score a low mean value of (Mean = 3.40), which was below the grand mean of (3.40). There was consistency in responses because of the standard deviation being below one (SD =.853). This is because the bank usually sends SMS and most times calls the client to repay the loan. They only conduct loan recovery meetings when the situation is bad to the time of writing of the loan. From the interviews, it was revealed that;

“...we conduct meeting with our clients ...this is mostly done with our clients who take group loans. ...the loans officers usually holds the weekly meets with them to ensure that their weekly loan repayments are collected” (Respondent - 4).

4.4.3 Credit risk control procedure and loan performance

The third study objectives examined the credit risk control procedure on loan performance. Like objective one and two, all respondents were also instructed to rank their responses and in the same way means and standard deviations were used to interpret the results. The mean values obtained from the data were juxtaposed with the grand mean to assess the extent of alignment or divergence concerning the statement.

Table 4.7: Responses on credit risk control policy

<i>Statement</i>	<i>Min</i>	<i>Max</i>	<i>Mean</i>	<i>S.D</i>
Clients with difficulty in loan payments are usually given an extension period	1	5	3.24	.726
Collateral used for loan acquisition are used for payment of loan in case the client fails to pay.	1	5	4.49	.697
When the client develops loan repayment challenges, there is a provision for loan restructuring	1	5	4.27	.715
Guarantors normally assist in payment of loans defaulted by clients.	1	5	3.92	1.080
The bank often takes legal action for non-payment of loans	1	5	4.29	.850
There is a committee specifically to continue monitoring and assessing risks associated with the disbursed loans	1	5	4.16	.755
Late payment of the of the loan is penalized	1	5	4.35	.685
GRAND MEAN			4.01	

Source: Field data, 2023

From Table 4.7 above, whether clients with difficulty in loan payments are usually given an extension period, it received low attention because it scored a low mean value of (Mean = 3.24) which was below the grand mean of (4.01) with despite consistency in responding to the statement with standard deviation was below one (Std. Dev =.726). This meant that clients with difficulty in loan payments were not usually given an extension period. This was the bank needed to recover its money very fast; therefore, they had to use the collateral security as a bait the client to pay back the loan in time. On contrary, from the interviews, it was revealed that;

“...in case the client encounters some challenges the loans’ committee may sit and revise the conditions. ...this may mean restructuring the loan repayment schedules or extending the loan repayment period” (Respondent - 3).

Regarding, the collateral used for loan acquisition are used for payment of loan in case the client fails to pay, majority of the respondents agreed with it. It was supported by a high mean value of (Mean = 4.49) which was above the grand mean of (4.01) and showed little variances because of the standard deviation being below one (SD =.697). This meant that indeed the collateral used for loan acquisition were used for payment of loan in case the client fails to pay. This is done to ensure that bank recovers its principal and the interest on the loan extended to the client. Relatedly, results from the interviews revealed that;

“...our intention is not to recover the loan through selling the collateral security ...however, in case the bank fails to recover the loan totally ...the security is sold as means of recovering the outstanding loan obligation. ...because the bank may not afford to incur a loss when the asset that was used as collateral security is there” (Respondent - 1).

Findings also revealed that when the client develops loan repayment challenges, there is a provision for loan restructuring. It was supported by a higher mean value of (Mean = 4.27) which was above the grand mean of (4.01) with little variations in responses because of the standard deviation being below one (SD =.715). This will be because some clients get challenges like disasters destroying their businesses, therefore, the bank has to act in good manner to restructure the loan to the client pay. These findings were in line with interview results where one of the respondents revealed that;

“...in case the client encounters some challenges the loans’ committee may sit and revise the conditions. ...this may mean restructuring the loan repayment schedules. ...hence making it easier for the client to pay back the loan he/she took” (Respondent - 3).

Regarding whether guarantors normally assist in payment of loans defaulted by clients, majority of the respondents opposed it. It was supported by a lower mean value of (Mean = 3.92) which

was below the grand mean of (4.01) while showing much variations in responses because of the standard deviation being above one (SD =1.080). This could be attributed to the fact that guarantors don't normally assist in payment of loans defaulted by clients but help the bank to track the client and arrest the client to clear the loan balances. Similarly, results from the interviews revealed that being a guarantor does not mean being back the loan in case of failure of the client and one respondent revealed;

“...these guarantors just stand in for the clients ...in case the client fails to pay the loan and the bank fails to locate him or her, the guarantors help the bank to locate that person and ensure that all the loan is paid back ” (Respondent- 2).

On whether the bank often takes legal action for non-payment of loans, majority of the respondents concurred with the statement. This was supported by a high lower mean value of (Mean = 4.29) which was above the grand mean of (4.01) with little variations in responses because of the standard deviation being below one (SD =.850). This is because some client become stubborn and refuse to the repayment the loan and the easiest way of recovering the loan is to make the courts force them repay the loan in whichever way possible.

Furthermore, whether there was a committee specifically to continue monitoring and assessing risks associated with the disbursed loans, it received much attention and majority of respondents agreed with it. It was supported by a high mean value of (Mean = 4.16) which was above the grand mean of (4.01) while scoring less variance in the responses (SD =.755). This could be attributed that such committees are put in place to reduce on chance of default by the client. Relatedly, the interview results revealed that there was a committee for monitoring the loans and one respondent revealed that;

“...the bank has a committee specifically to continue monitoring and assessing risks associated with the disbursed loans. ...if anything goes wrong with loan, the loans committee immediately responds to make sure that the loan does not go bad” (Respondent - 2).

Lastly, it was revealed that late payment of the loan is penalized. It was supported by a higher mean value of (Mean = 4.35) which was higher the grand mean of (4.01). The standard deviation

was also below one (Std. Dev =.683) which means that respondents were consistent in responding to the statement presented to them. This is because late loan payment attracted an extra interest as penalty for the client not to pay in time. While knowing that they can be penalized, clients try by all means to pay the loan in time. The interview results reviewed that late payment is penalized and one of the respondents interviewed revealed that;

“...when the client fails to pay in time it attracts late payment penalty in form of extra interest” (Respondent - 4).

4.4.4 Response on the loan performance in Post Bank

The respondents in the study were asked to provide their feedback on loan performance in Post Bank and were guided to rank their responses. In order to analyze the findings, the study results were interpreted using the mean and standard deviation, as depicted in Table 4.8. The descriptive statistics, specifically the mean values, were contrasted with the grand mean to gauge the extent of consensus or variance regarding the statement.

Table 4.8: Responses on loan performance

<i>Statement</i>	<i>Min</i>	<i>Max</i>	<i>Mean</i>	<i>S.D</i>
The amount of non-performing loans has been reducing every year	1	5	3.65	.870
The recovery rate of loans in this bank is always higher than 95%	1	5	3.42	.824
The amount of bad debts written off has been reducing every year	2	5	3.72	.790
The amount of interest income earned on loans and advances to customers increases every year	2	5	4.12	.758
We have been able to efficiently collect all the loans in the set time.	1	5	3.33	.904
The loan portfolio keeps increasing every year	1	5	4.26	.629
The value of portfolio at risk (PAR) of this bank is below 3% every year	1	5	2.45	.916
GRAND MEAN			3.56	

Source: Field data, 2023

From Table 4.8 above, it was revealed that the amount of non-performing loans has been reducing every year. These findings were supported by a high mean value of (Mean = 3.65) since it was above the grand mean of (3.56) with low variance in responses since the standard

deviation was below one (SD =.870). This is because the bank continuously monitors the operations of the client until the loan is full paid back.

On whether the recovery rate of loans in Post bank was always higher than 95%, it scored a low mean value of (Mean = 3.42) which was lower than the grand mean of (3.56) with little variance in responses since the standard deviation was below one (SD =.824). This showed that loan recovery rate was still below 95%. This is attributed to the fact that despite the non-performing loans reducing every year, the bank had not reached at the level of registering 95% and above recovery of their disbursed loans.

It was revealed that the amount of bad debts written off has been reducing every year. This was supported by a high mean value of (Mean = 3.72) which was greater than the grand mean of (3.56) with consistency in responses since the standard deviation was below one (SD =.790). Therefore, with reduction in the non-performing loans every year due to improved loan recovery implied that indeed the number of bad debts to write off also reduces.

On the statement the amount of interest income earned on loans and advances to customers increases every year. Majority of the respondents concurred with the statement. This was supported by a high mean value of (Mean = 4.12) which was above the grand mean of (3.56) with little variations in responses because of the standard deviation being below one (SD =.758). This showed that interest earned was increasing every year. This was attributed to the fact the loan recovery had increased which made the bank recovery its principle and the interest on the loan.

Still from Table 4.8 regarding the issues of the bank having efficiently collected all the loans in the set time, it attracted a low mean value of (Mean = 3.33) which was below the grand mean of (3.56) with consistency in responses because of the standard deviation being below one (SD =.904). This showed that the loans were not effectively collected in time. This could be attributed to the fact; there were sometimes delays in repayments due to delays salaries payment since some clients who were taking salaries used to complain of delays in salary payments by their employers.

Regarding, whether the loan portfolio keeps increasing every year, the statement scored a high mean value of (Mean = 4.29) which was higher than the grand mean of (3.56) with little variance in responses since the standard deviation was below one (SD = .625). This showed that loan portfolio kept increasing every year. This was attributed to the increased number of clients and also reduction in the number of non-performing loans.

Lastly, it was revealed that the value of portfolio at risk (PAR) of this bank was not below 3% every year. This was supported by a lower mean value of (Mean = 2.45), which was below the grand mean of (2.45) with consistency in responses because of the standard deviation being below one (SD =.916). This was attributed to the fact that the bank still experiences loan the recovery rate lower than 95% which meant that more than 5% of the loans were still at risk of not being recovered.

From the interview on one of the respondents revealed that;

“...If the collection procedures are right then the loan performance will be good and vice Versa. ...this cleans up the loan book hence better loan performance. ...Officers who employ various methods, such as phone calls, emails, and letters, to reach out to debtors consistently has improved reduced default rate....and also officers who maintain a professional and respectful tone during these interactions have helped to preserve the customer relationship while emphasizing the importance of fulfilling financial obligations, this has also improved the repayment rate” (Respondent - 1)

4.5 Inferential statistics

The inferential statistics were significant in obtaining the relationship between the study objectives and predictive potential of independent variables to the dependent variables. The study utilized correlation analysis, linear regression analysis and multiple regression for this purpose. Correlation analysis was utilized to ascertain the nature of the relationship between the study variables, while linear regression analysis was employed to determine the predictive potential of the credit management on loan performance at Post Bank.

4.5.1 Correlation analysis

Pearson correlation was run using SPSS and was used to investigate the relationship between the credit management and loan performance at Post Bank and results are presented in the Table 4.9 below.

Table 4.9: Correlation results on relationship between variables (n = 130)

Items	Mean	S.Dev	LA	LCP	CRCP	LP
Loan Appraisal (LA)	4.53	.46483	1			
Loan Collection Procedure (LCP)	4.17	.63261	.534**	1		
Credit Risk Control Procedure (CRCP)	4.10	.50762	.363**	.618**	1	
Loan Performance (LP)	3.56	.47310	.227**	.377**	.419**	1

** Correlation is significant at the .01 level (2-tailed).

From the correlation results presented in Table 4.10 above, it was revealed that loan appraisal has a significant positive relationship with loan performance ($r = .227^{**}$, $P < 0.01$). Similarly, loan collection procedures were positively related with loan performance ($r = .377^{**}$, $P < 0.01$) and so it was credit risk control procedure and loan performance ($r = .419^{**}$, $P < 0.01$). This means that loan appraisal, loan collection procedures and credit risk control procedures are positively associated loan performance.

4.5.2 Regression analysis

This study employed a regression analysis to evaluate the degree to which credit management with constructs of loan appraisal, loan collection procedure and credit risk control procedure served as a predictor for loan performance.

4.5.2.1 The effect of loan appraisal on loan performance

To address the study objective a linear regression was performed as presented in Table 4.10 below.

Table 4.10: The regression results on the effect of loan appraisal on loan performance

	Unstandardized		Standardized	T	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant)	2.519	.399		6.312	.000
Loan Appraisal	.231	.088	.227	2.631	.010
Model Summary					
R Square	.051				
Adjusted R Square	.044				
F	6.922				
Dependent Variable: Loan Performance					

From Table 4.10, it was revealed that loan appraisal made a positive significant contribution of 4.4% to total variance in loan performance (Adjusted R square =0.044). It also showed a goodness of fit (F= 6.922, $p < 0.05$).The model further indicated $b= 0.231$ which showed that loan appraisal had a statistically positive contribution on loan performance and a unit increase in loan appraisal is associated with 0.231 increase in loan performance. This positive coefficient underscores the importance of thorough loan appraisal processes in improving the bank's loan performance, suggesting that better assessment of borrowers' creditworthiness can lead to more successful loan repayment outcomes and reduced default risk. Therefore, the study rejects the null hypothesis that stated that *Loan appraisal process has no significant effect on loan performance in commercial banks in Uganda.*

4.5.2 The effect of loan collection procedure on loan performance

To address the objective, still a linear regression was performed and results are presented in Table 4.11 as presented below.

Table 4.11: The regression results on the loan collection procedure on loan performance

	Unstandardized		Standardized	T	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant)	2.389	.258		9.260	.000
Loan collection procedure	.282	.061	.377	4.605	.000
Model Summary					
R Square	.142				
Adjusted R Square	.135				
F	21.2017				
Dependent Variable: Loan Performance					

From Table 4.11, it was revealed that loan collection procedures made a positive significant contribution of 13.5% to total variance in loan performance (Adjusted R square =0.135). It showed a goodness of fit ($F= 21.2017, p < 0.05$). The model further indicated $b= 0.282$ showed that loan collection procedures had a statistically positive contribution on loan performance and a unit increase in loan collection procedures is associated with 0.231 increase in loan performance. This result highlights the critical importance of effective loan collection procedures in enhancing the bank's loan performance. By strengthening collection procedures, the bank can significantly reduce delinquency and improve overall repayment rates, which will have a direct positive impact on the bank's financial health. Therefore, the study rejects the null hypothesis that stated that *Loan collection procedure has no significant effect on loan performance in commercial banks in Uganda.*

4.5.2.3 The effect of credit risk control procedure on loan performance

The study also performed a linear regression to establish the effect of credit risk control procedure on loan performance and presented in Table 4.12 below.

Table 4.12: The regression results on the effect of credit risk control procedure on loan performance

	Unstandardized		Standardized	T	Sig.
	Coefficients		Coefficients		
	B	Std. Error	Beta		
(Constant)	1.954	.312		6.273	.000
Credit risk control procedures	.392	.075	.419	5.200	.000
Model Summary					
R Square	.176				
Adjusted R Square	.169				
F	27.040				
Dependent Variable: Loan Performance					

The regression model shows a good fit and a significant positive contribution of credit risk control procedures to the variance in loan performance ($F= 27.040$, $p < 0.05$). From the adjusted R Square of 0.169, it showed that credit risk control procedures explain a contribution of 16.9% variations in loan performance. Furthermore, $b= 0.392$ showed that credit risk control procedures had a statistically positive contribution on loan performance and a unit increase in credit risk control procedures is associated with 0.392 increase in loan performance. This positive relationship highlights the critical role that well-implemented credit risk control procedures play in improving loan performance. By mitigating risks associated with loan defaults and ensuring stricter adherence to credit policies, these procedures can lead to better loan repayment outcomes, thereby enhancing the financial health of the institution. Therefore, the study rejects the null hypothesis that stated that *Credit risk control procedure has no significant effect on loan performance in commercial banks in Uganda.*

4.5.2.4 The effect of credit management practices on loan performance

To determine the combined contribution of constructs of credit management (loan appraisal process, loan collection procedure and credit risk control procedure) to loan performance, the study performed a multiple regression. The results are presented in Table 1.13 presented below.

Table 4.13: The regression results on the effect of credit management practices on loan performance

Variables	Model 1			Model 2			Model 3		
	B	Std. Err	Beta	B	Std. Err	Beta	B	Std. Err	Beta
Sex	-.100	.113	-.077	.018	.109	.013	1.389	.478	
Age	.036	.062	.062	.059	.057	.102	.018	.109	.013
Education	.218**	.083	.243**	.168*	.079	.187*	.059*	.057	.102*
Longevity at work	-.027	.047	-.058	-.020	.044	-.042	.168	.079	.187
IV1				.061	.097	.060	-.020	.044	-.042
IV2				.102	.085	.137	-.042	.155	-.041
IV3				.284**	.094	.303**	.192**	.051	.231**
Overall Construct							.307*	.256	.287*
R ²	.078			.252			.318		
▲R ²	.049			.209			.285		
F-Statistics	F=2.645, P<.005			F=5.819, P<.005			F=8.341, P<.005		

Note:

- a) ** $P < .01$, * $P < .05$
- b) *Std. Err – Standard Error*
- c) *Model 1- Individual Factors, Model 2 – Independent Variables Constructs (IV₁, IV₂, IV₃), Model 3 – Overall constructs (Credit management)*
- d) *IV1 - Loan Appraisal Process, IV2 – Loan Collection Procedure and IV3 – Credit Risk Control Procedure*

From the results, Model 1 involved regressing demographic variables which included gender, age, education, and longevity at work. The results revealed that the demographic variables expect education level had no significant effect on loan performance ($P > 0.05$) and it made a positive contribution of 4.9% to the total changes in loan performance.

Furthermore, the Model 2 involved capturing the constructs of credit management practices which included loan appraisal process, loan collection procedure and credit risk control procedure to the overall model. The model made a positive significant contribution of 20.9% to the total variance in loan performance (Adjusted R Squared = .209 F=5.819, $P < .005$). All the b values of the constructs were positive, hence signaling that an increase in these constructs leads to increase in the loan performance.

Lastly, the Model 3 involved the addition of credit management practices to the overall model to assess its effect on loan performance. The model made a positive significant contribution of 28.5% to the total variance in loan performance at Post Bank Uganda (Adjusted R² =0.285, F=8.341, P<.005). The remaining 71.5% was due to other factors outside this study. Therefore, credit management practices have a statistically significant effect on loan performance (b =.307*, p < 0.05). This means that a unit increase in credit management practices leads to .307 increase in loan performance when all others factors are held constant. These findings highlight the critical role of credit management practices in enhancing loan performance at Post Bank Uganda. Effective credit management can significantly improve the bank's ability to manage loan portfolios, reduce default risks, and improve repayment rates, ultimately contributing to better financial outcomes.

Therefore, from the findings, the regression model below was satisfied $Y = 1.389 \beta_0 - .020X_1 - .042X_2 + .192X_3 + .307X_4 + \varepsilon$ where; Y = Loan performance, β_0 = Constant, X₁ = loan appraisal process, X₂ = loan collection procedure, X₃ = credit risk control procedure, X₄ = Credit Management Practices (Overall), and ε = the standard error.

CHAPTER FIVE
SUMMARY, DISCUSSION OF FINDINGS, CONCLUSION AND
RECOMMENDATIONS

5.1 Introduction

The chapter provides a comprehensive summary and discussion of the study's findings, along with presenting the conclusion and recommendations. The results were organized in alignment with the study's objectives, which encompassed examining the effect of loan appraisal process on loan performance, loan collection procedure on loan performance and credit risk control procedure on loan performance in commercial banks in Uganda.

5.2 Summary of the study findings

The study findings revealed that was revealed that loan appraisal made a positive significant contribution of 4.4% to total variance in loan performance (Adjusted R square =0.044). Therefore, the study rejects the null hypothesis that stated that *Loan appraisal process has no significant effect on loan performance in commercial banks in Uganda.*

The study findings revealed that loan collection procedures made a positive significant contribution of 13.5% to total variance in loan performance (Adjusted R square =0.135). Therefore, the study rejects the null hypothesis that stated that *Loan collection procedure has no significant effect on loan performance in commercial banks in Uganda.*

The study findings revealed that credit risk control procedure made a positive significant contribution of 16.9% variations in loan performance (Adjusted R square =0.169). Therefore, the study rejects the null hypothesis that stated that *Credit risk control procedure has no significant effect on loan performance in commercial banks in Uganda.*

5.3 Discussion of the study findings

5.3.1 Loan appraisal process and loan performance

The study findings highlighted loan appraisal process positively and significantly contributed to loan performance of Post Bank Uganda. This implied that making positive adjustments to enhance loan appraisal process leads to an increase in loan performance. This was attributed to

the factor that loan appraisal process like assessing the repayment history of a client before giving out a loan, the financials of loan applicant before extending loans, clients' capacity to service the loan cannot be considered, the character of the client were carried and the bank had competent personnel for carrying out loan appraisal. These findings resonated with the previous scholars like Mulyungi and Mulyungi (2020) found a positive correlation between client assessment and financial performance, which is a broader measure than just loan performance. This difference in the scope of assessment could explain some variations in findings. The current study also notes an insignificant level of predictability. This means that improving the loan appraisal process doesn't necessarily lead to a substantial increase in loan performance. In contrast, scholars like Kakuru (2015) emphasize the importance of a robust loan appraisal process, but their focus is more on the process itself rather than its direct impact on loan performance. The current study suggests that despite carrying out the loan appraisal process and maintaining certain standards, the bank's recovery rate of loans remained high, and the portfolio at risk (PAR) was above 3% every year. This indicates that other factors or inefficiencies may be contributing to the bank's loan performance issues. That said, scholars like Njeru, Mohamed, and Wachira (2018) link credit appraisal to loan rather than overall bank performance.

5.3.2 Loan collection procedure on loan performance

The research findings demonstrated a significant and positive predictability capacity of loan collection procedure to loan performance, with a notable level of predictability. This implied that making positive changes in loan collection procedures notably enhances loan performance. This is because it reduces on the non-performance loan and also reduces the number of loans at risk of default. Activities like sending remind messages to clients, continuously loan monitoring, tracking clients files from loan acquisition to final payment of the principal and tracking the collateral security increases the chance of fully collecting the loan. These findings were in line with findings of Nikolaidou and Vogiazas (2014) who emphasized the importance of financial institutions implementing stringent measures to mitigate potential financial losses related to improper loan allocation and credit recovery processes. The findings of the current study support this notion by demonstrating that effective loan collection procedures positively impact loan performance, ultimately reducing the risk of financial losses.

Furthermore, the study aligned with the findings of Frank, Simon, and Josephine (2014) who highlighted the need for robust and effective loan collection procedures to consistently recover client loans. The current study's results corroborate this by showing that improved collection procedures enhance credit efficiency and reduce the likelihood of loan defaults. The findings were in line Mwenje (2016) who conducted a study on microfinance organizations in Kenya and found that well-implemented collection procedures enhance credit efficiency, leading to increased profits and improved shareholder value. While the focus of Mwenje's study was on microfinance organizations, the current study's findings also suggest that effective collection procedures are crucial for financial institutions like Post Bank.

Kariuki (2017) stressed the importance of rigorous credit monitoring procedures to ensure that only creditworthy borrowers can access loans. This aligns with the current study's emphasis on monitoring and tracking clients as part of loan collection procedures to improve loan performance. Still the findings aligned with Padilla and Pagano (2016) who emphasized the significance of collection activities in swiftly recovering late payments and reducing bad debt losses to enhance the profitability of banking institutions. This supports the current study's findings, which suggest that timely payments and efficient collection methods are vital for loan performance.

5.3.3 Credit risk control procedure on loan performance

The study findings revealed that credit risk control procedures positively and significantly contributed to loan performance of Post Bank Uganda. The findings indicated significant and positive predictability level suggested that making positive adjustments in credit risk control procedure can significantly enhance the loan performance. Procedures like collateral being for loan acquisition are used for payment of loan in case the client fails to pay, loan restructuring, the bank taking legal action for non-payment of loans and late payment of the of the loan being penalized enhances the loan performance. These results agreed with the findings of Warui (2014) who conducted a study on the effectiveness of credit risk control policies within Savings and Credit Cooperative Societies (SACCOs) in Nairobi, Kenya. The study found that implemented credit risk control policies positively influenced profitability, loan portfolio growth, and SACCO earnings. While Warui's study focused on microfinance institutions and SACCOs, the current

study's findings also emphasize the importance of effective credit risk control procedures in enhancing loan performance, which is relevant for commercial banks.

The findings also correlated with the findings of Churchill and Coster (2015) emphasized the importance of designing loan products that align with customer expectations to reduce the risk of loan defaults. While their study did not directly investigate the impact of these credit risk control policies on overall loan performance, their emphasis on customizing loan features is consistent with the idea that well-implemented credit risk control procedures can enhance loan performance by minimizing default risks. Nagarajan (2014) examined the credit risk control policies of microfinance institutions in Mozambique and noted the positive outcomes of these policies, including minimizing losses and protecting assets. These outcomes align with the current study's findings, which suggest that effective credit risk control procedures can significantly enhance loan performance by minimizing non-performing loans and protecting the bank's financial health. Still the findings related to the findings of Nakabuye and Balunywa (2018) and Akol and Buyinza (2019) both found that banks with more robust credit risk control policies tend to have lower default rates, higher loan recovery rates, lower levels of non-performing loans, and higher profitability. These findings support the idea that well-implemented credit risk control procedures can positively impact loan performance by reducing credit risks and improving loan recovery.

5.4 Conclusions

It was concluded loan appraisal processes positively and significantly predicated loan performance. Increasing the rigor of the loan appraisal process leads to a significant improvement in loan performance. This underscores the importance of meticulous evaluation and risk assessment before approving loans, as a more rigorous appraisal process is associated with better outcomes. Financial institutions that prioritize and invest in refining their loan appraisal procedures are likely to experience heightened credit quality, reduced default rates, and improved overall portfolio performance, contributing to a more resilient and sustainable lending framework.

Furthermore, the research also highlighted the importance of loan collection procedure as significant positive predictor of the loan performance and with a significant relationship. Implementing robust loan collection procedure allows for easy loan collection processes leading to improved loan performance. This implies that strengthening financial stability for lenders, as a systematic and effective approach to loan collection serves as a proactive measure against delinquencies, contributing to a more secure and sustainable lending environment.

Lastly, this study highlighted the paramount importance of credit risk control policies as a potent predictor of loan performance, underpinned by a substantial and significant relationship between the two variables. The ability to restructure loans, take legal action in cases of non-payment, and impose penalties for late payments under credit control policies all emerge as vital tools within a comprehensive risk management framework. These findings underscored the pivotal role of proactive credit risk control measures in fostering sound lending practices, ensuring the financial health of lending institutions, and ultimately, contributing to a more resilient and sustainable financial ecosystem.

5.5 Recommendations

Several recommendations were suggested and these include;

It is strongly recommended that future studies incorporate more objective data collection methods, such as observational techniques, third-party evaluations, or cross-verification with institutional records, to mitigate the impact of response bias. By reducing reliance on self-reporting measures, researchers can obtain more accurate and reliable data, ensuring that the findings are more reflective of actual behaviors and outcomes rather than influenced by socially desirable responses or inaccuracies in participants' self-assessments. This will enhance the overall validity and robustness of the study's results.

It was strongly recommended that financial institutions and regulatory bodies consider implementing robust measures that necessitate the submission and evaluation of business plans as a prerequisite for loan approval. This proactive approach will not only enhance risk assessment but also contribute to the long-term viability of businesses and the stability of the financial sector.

To ensure sound financial practices and the reduction of loan defaults, it is imperative that the bank institutes more robust and clearly defined repayment conditions for borrowers who default, including stricter penalties and timelines for resolution. Additionally, establishing a regular schedule of loan recovery meetings with clients is essential for fostering effective communication and cooperation between the bank and its borrowers, ultimately facilitating a smoother loan recovery process.

Lastly, it is strongly recommended that financial institutions implement policies allowing for reasonable extension periods in cases of genuine client hardship, thus providing borrowers with a lifeline to recover from temporary financial setbacks. Moreover, encouraging the active involvement of guarantors in the event of loan defaults can serve as a valuable safeguard for both the lender and the borrower, promoting shared responsibility and increasing the likelihood of loan recovery.

5.6 Areas for further research

Owing to limitations in available resources and time, the researcher was unable to explore specific areas, leading to the formulation of the following suggestions for future research endeavors:

- (i) Another study may be conducted, focusing on credit management and loan performance in other different financial institutions. This will enable meaningful comparisons to be made.
- (ii) It is essential to examine the effect of credit officer's competence on effective loan appraisal process.
- (iii) Future researchers should examine the mediating role of employee competences on relationship between credit management practices affects the loan performance of commercial banks.

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APPENDICES
Appendix I: Consent form for participants

KANYIMA BOAZ

P.o. Box 1, Kyambogo University

Kampala, Uganda

Date:.....

Dear respondent,

SEEKING YOUR CONSENT TO PARTICIPATE IN MY RESEARCH STUDY

Greetings!

I am writing to seek your consent to be part of this study. I am a student pursuing a Masters in Business Administration from Kyambogo University and as part of the requirement for this award, I am undertaking a study on the topic, “*The effect of credit management practices on loan performance at Post Bank Uganda*”. As a stakeholder, you have been selected to participate by providing your opinions through answering the questions in the questionnaire below attached. Please feel at ease to give your true opinion as this is just an academic study and your responses will be treated for that purpose. Your views will be treated with great confidentiality, unanimous and in case of need for the outcome of this research you can contact me on Tel:

If you are willing to be part of this study, please sign the tear off portion below, and return it to the researcher/ or the bearer.

Thank you for your cooperation in this matter in advance.

Sincerely,

.....

Student/Researcher

For the Participant

I read and understood the above information and I freely gave the required information

Participants’ Name:

Signature:

Date:

.....*Tear off portion*.....

I read and understood the above information and I freely gave the required information

Participants’ Name:

Signature:

Date:

Researchers’ Name: Telephone No:

Appendix II: Questionnaire for data collection

Dear Respondent,

I'm **Kanyima Boaz** a student pursuing a Masters in Business Administration from Kyambogo University and as part of the requirement for this award, I am undertaking a study on the topic, "*The effect of credit management practices on loan performance at Post Bank Uganda*". As a stakeholder, you have been selected to participate by providing your opinions through answering the questions in the questionnaire below attached. Please feel at ease to give your true opinion as this is just an academic study and your responses will be treated for that purpose. Your views will be treated with great confidentiality.

Write or tick (✓) in the space or box (es) provided in the front of the given options

Section A: Bio-data

1. Gender of respondents

Male

Female

2. Age group of respondents

18 to 29

30 to 39

40 to 49

50 to 59

60 and above

3. Respondent's highest level of education

Bachelor's Degree

Master's Degree

Others (please specify):

4. Time taken while working with Post Bank Uganda?

Less than 1 year

1-3years

4-6 years

7-9 years

10years and above

For Section B, C, D & E, respond by ticking only one option: (1-Strongly disagree, 2-Disagree, 3-Neutral, 4-Agree and 5-Strongly Agree) To show your level of agreement or disagreement with the items provided.

SECTION B: Loan appraisal processes

Code	Item	Ranking				
		1	2	3	4	5
B1	We assess the repayment history of a client before giving out a loan					
B2	The bank aligns the credit worthiness and guarantee of clients with the size of the loan to be issued.					
B3	The loan applicant has to submit business plans before getting of loans					
B4	The bank always analyses the financials of loan applicant before extending loans					
B5	Loan applications beyond the clients' capacity to service the loan cannot be considered					
B6	When appraising the client, his/her character is always considered					
B7	The bank has competent personnel for carrying out loan appraisal					

SECTION C: Loan collection procedure

Code	Item	Ranking				
		1	2	3	4	5
C1	The bank reminds clients of their repayment through SMS/calls					
C2	The bank reminds clients of their repayment date through SMS/calls.					
C3	The clients' files are tracked from loan acquisition to final payment of the principal					
C4	The bank tracks the collateral security from loan acquisition to repayment					
C5	The bank gives stringent repayment conditions to defaulters once they default on the first installment					
C6	The bank continuously monitors the operations of the client until the loan is full paid back					
C7	The bank holds regular loan recovery meetings with the clients for smooth recovery of the loan					

SECTION D: Credit risk control policy

Code	Item	Ranking				
		1	2	3	4	5
D1	Clients with difficulty in loan payments are usually given an extension period					
D2	Collateral used for loan acquisition are used for payment of loan in case the client fails to pay.					
D3	When the client develops loan repayment challenges, there is a provision for loan restructuring					
D4	Guarantors normally assist in payment of loans defaulted by clients.					
D5	The bank often takes legal action for non-payment of loans					
D6	There is a committee specifically to continue monitoring and assessing risks associated with the disbursed loans					
D7	Late payment of the of the loan is penalized					

SECTION E: Loan Performance

Code	Item	Ranking				
		1	2	3	4	5
E1	The amount of non-performing loans has been reducing every year					
E2	The recovery rate of loans in this bank is always higher than 95%					
E3	The amount of bad debts written off has been reducing every year					
E4	The amount of interest income earned on loans and advances to customers increases every year					
E5	We have been able to efficiently collect all the loans in the set time.					
E6	The loan portfolio keeps increasing every year					
E7	The value of portfolio at risk (PAR) of this bank is below 3% every year					

END: THANK YOU

Appendix III: Interview Guide for Top Officials

Self-introduction

The purpose of the interview is to gather views on “*The effect of credit management practices on loan performance at Post Bank Uganda*”.

A) Respondents’ bio-information

- i. Position:.....
- ii. Number of years working with Post Bank Uganda

B) To examine the effect of loan appraisal process on loan performance in commercial banks in Uganda.

- i. Could you describe the loan appraisal process followed by your bank?
- ii. What factors are considered during the loan appraisal process?
- iii. How do you assess the creditworthiness of borrowers during the loan appraisal process?
- iv. What specific criteria or indicators are used to evaluate the feasibility and viability of loan proposals?
- v. Are there any standardized guidelines or procedures that loan officers follow during the loan appraisal process?
- vi. How do you determine the appropriate loan amount and interest rate for borrowers?
- vii. Could you explain the role of collateral or guarantees in the loan appraisal process?
- viii. How do you assess the repayment capacity of borrowers during the loan appraisal process?
- ix. What measures are taken to evaluate the potential risks associated with granting loans?
- x. Have you observed any correlations between loan appraisal process and loan performance?

C) To establish the effect loan collection procedure on loan performance in commercial banks in Uganda.

- i. Can you describe the loan collection procedures followed by your bank?
- ii. What strategies or methods does your bank employ to collect loan payments from borrowers?
- iii. How do you prioritize and handle delinquent or non-performing loans?
- iv. Are there specific timeframes or stages in the loan collection process that you follow?
- v. How do you communicate with borrowers who are behind on their loan payments?
- vi. Are there any specific actions or measures taken to encourage borrowers to make timely repayments?
- vii. What kind of support or assistance does your bank provide to borrowers facing financial difficulties?
- viii. How do you determine when to initiate legal action or debt recovery procedures?
- ix. Are there any alternative dispute resolution mechanisms in place for loan collection?
- x. What role does technology play in streamlining the loan collection process?
- xi. How do you monitor and evaluate the effectiveness of your loan collection procedures?

- xii. Have you observed any correlations between different loan collection approaches and loan performance in terms of default rates or repayment patterns?

D) To assess the effect of credit risk control procedure on loan performance in commercial banks in Uganda.

- i. Can you describe the credit risk control procedures followed by your bank?
- ii. What measures does your bank have in place to assess and monitor credit risks associated with loans?
- iii. How do you determine the creditworthiness of borrowers before approving loans?
- iv. What criteria or indicators do you use to evaluate the creditworthiness of borrowers?
- v. Are there any specific tools or models used to assess credit risks in loan applications?
- vi. How do you set credit limits for borrowers to manage risk exposure?
- vii. What steps are taken to mitigate potential risks associated with loan portfolios?
- viii. How do you monitor and track the performance of loans to identify early warning signs of credit risks?
- ix. What actions are taken when borrowers exhibit signs of financial distress or default?
- x. Are there specific policies or procedures in place to deal with loan restructurings or loan workouts?
- xi. Have you observed any correlations between the credit risk control procedures and loan performance?

END

Appendix IV: Table for determining sample size from a given population

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	354
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	370
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	226	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	254	2600	335	1000000	384
<i>Note: N is Population Size; S is Sample Size</i>					<i>Source: Krejcie & Morgan, 1970</i>				

Krejcie, R. V. and Morgan D. W. (1970). Determining sample size for Research Activities: Educational and Psychological Measurement.

Appendix V: List of Branches of Post Bank Uganda

AREA	BRANCH	
CBD	City	Nsangi
	Wandegeya	Entebbe Airport
	Ndeeba	Nansana
	William Street	Northern Lira
	Bugolobi	Arua
	Kampala Road	Gulu
	Usafi	Packwach
	Makerere University	Kitgum
	Forest Mall	Bweyale
	Kireka	Lacor
Eastern	Ntinda	Anaka
	Mbale	Yumbe
	Soroti	Amolatar
	Jinja	Kamdini
	Iganga	Western Kamwenge
	Bukedea	Hoima
	Moroto	Masindi
	Kapchorwa	Fort Portal
Greater Kampala	Kotido	Mbarara
	Mubende	Kasese
	Bombo	Kanungu
	Kakiri	Ntungamo
	Entebbe	Kabale
	Masaka	Kagadi
	Kayunga	Ibanda
	Nakasongola	Ishaka
	Mukono	Butogota
	Kyazanga	Rushere
	Bishop Stuart University	