

**CREDIT MONITORING, RECOVERY STRATEGIES AND PERFORMANCE OF
COMMERCIAL BANKS IN UGANDA: A CASE STUDY OF CENTENARY BANK
KABALE BRANCH**

BY

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2019/A/PPM/061/W

**A DISSERTATION SUBMITTED TO THE DIRECTORATE OF POSTGRADUATE
TRAINING IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE
AWARD OF A MASTER'S DEGREE IN PROJECT PLANNING AND MANAGEMENT
OF KABALE UNIVERSITY**

MAY, 2022

DECLARATION

I, MUBANGIZI PROTASE, declare that the work contained in this dissertation is my original work, and it has never been presented anywhere for academic award. Where the work of other people has been used, due acknowledgement has been made.

Signed..........

Date..........


MUBANGIZI PROTASE

STUDENT

APPROVAL

This dissertation entitled “Credit monitoring, recovery strategies and financial performance of Centenary Bank in Kabale district in Uganda” has been undertaken under my supervision and is hereby approved.

Signature.....

Date.....

DR. ABANIS TURYAHEBWA

SUPERVISOR

DEDICATION

The research is dedicated to my Dear mother Kabwimukana Yowanina, My wife Kebirungi Grace, my children Lynn, Victor, Lucy and Vianney, and the entire staff at centenary bank Kabale branch who were a great source of inspiration to my education and without their foresight, sacrifice and support this work would not have seen the down of light.

ACKNOWLEDGMENT

It has been an exciting and instructive study period at Kabale University and I feel privileged to have had the opportunity to carry out this study as a demonstration of knowledge gained during the period studying for my Master's degree.

I would like to acknowledge the following people for supporting me in one way or the other.

Firstly, I am indebted to the all-powerful GOD for all the blessings he showered on me and for being with me throughout the study. I am deeply obliged to my supervisor for his exemplary guidance and support without whose help; this project would not have been a success.

Secondly, let me thank, **DR. ABANIS TURYAHEBWA, AND DR. ARTHUR SUNDAY** lecturers in the faculty of Economics and management sciences and the academic staff at Kabale University for the academic guidance and encouragement as supervisors of this research report.

I also thank the University for an Opportunity to do my course.

Without forgetting my fellow students; namely Rachael, Jackson, Onan and all the course mates and friends like Miss. Kayobyo Dianah whose material and moral support enabled me to complete this work successfully.

May God bless you and reward you abundantly.

Finally, yet importantly, I take this opportunity to express my deep gratitude to the lasting memory of my loving family, course mates like Ian and Maureen who were constant source of motivation and for their unending support and encouragement during this report writing.

LIST OF ACRONYMS

ABB	Activity Based Budgeting
FIS	Financial Institutions Statue
IMF	International Monetary Fund
MDIs	Microfinance Deposit-taking Institutions
NPA	Non-Performing Assets
ROA	Return On Assets
SME	Small and Medium Enterprises

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ABSTRACT

The study was sought to determine the influence of credit monitoring, recovery strategies and performance of centenary Bank. The study was guided by the following objectives namely; the influence of credit standards on the performance of centenary bank in Kabale district, the influence of sound credit policy on the performance of centenary bank in Kabale district, and the influence of communication on the performance of centenary bank in Kabale district. The study sampled 149 respondents from 203 as the target population. The study used a cross sectional design combined with a case study design. The findings/ results show that there is strong positive relationship between the variables. This stipulates that with proper enforced policies, improved communication and credit collection, review of credit procedures and monitoring helps in the aspect of financial performance of centenary bank and therefore the centenary bank should put much emphasis on the stated variables, centenary bank has tried in credit monitoring, recovery strategies for the positive financial performance of the institution. This is shown by 0.209 of the R square as indicated in the table 11 which indicates a positive relationship between credit monitoring, recovery strategies and financial performance of centenary. The results show that there is strong positive relationship of 3.826 between the variables. This stipulates that with proper assessment of credit standards, sound credit policy, and create communication channels and therefore centenary should put much emphasis on the stated variables, there is a strong positive relationship between credit monitoring, recovery strategies and financial performance of centenary at Pearson correlation coefficient at 0.004. The study concludes that also, it increases the ability of the centenary banks managers to manage the level of the earning volatility and reduce risk-weighted assets fluctuations which in turn affect banks profitability. The results show that centenary bank credit officers are qualified to monitor and evaluate potential and unexpected circumstances which could affect borrower's credit strength. Since the credit monitoring management seemed to give a negative significance in relation to the

profitability of banks, there are possibilities for these banks to improve profitability by ensuring the accurate determine for any potential changes regarding borrower's repayment abilities of the credit funds also their financial position. The study recommends that management of commercial banks should address cost and benefit implications of credit policy to suit the current dynamic finance industry so as to minimise costs associate with credit while maximizing the benefit from it.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter looked at the background, the statement of the problem, purpose of the study, research objectives, research questions, and scope of the study, Significance of the study and the definition of operational terms.

1.1 Background of the study

1.1.1 Historical perspective

There is good economic justification for treating banks differently: unlike capital market financing, bank financing requires financial intermediation; while buyers and sellers of financial instruments transact with (almost) no go-between, the business of banking exists exactly because buyers and sellers cannot easily meet in the marketplace and require a mediator to act on their behalf. Any transaction is instead internalized within the firm, which can exploit information asymmetries to match the demand and supply of money, usually at a profit (Harnay, & Scialom,2016).

The History of Banking begins with the first prototype banks of merchants of the ancient world that made grain loans to farmers and traders carrying goods between cities; recorded as having occurred at about 2000 BC within the areas of Assyria and Babylonia. Later on, in ancient Greece and during the Roman Empire, lenders based in temples made loans and added two important innovations: the accepting of deposits and the changing of money. Archaeology from this period in ancient China and India, shows the existence also of money lending activity. (Kamath,2007).

The history of banking is closely related to the history of money but banking transactions probably predate the invention of money (Davies,2010). Deposits initially consisted of grain and later other goods including cattle, agricultural implements, and eventually precious metals such as gold, in the form of easy-to-carry compressed plates

The banking sector in Uganda remains low, in spite of continued growth. There are 26 commercial banks licensed to operate in Uganda by Bank of Uganda/Central bank which is a government-owned bank that was established in 1966 (Kasekende, 2016). Aside from governing

the banks in Uganda, it promotes price stability and fosters a sound financial system. It is also responsible for promoting macroeconomic stability (Nsambu,2014).

1.1.2 Theoretical perspective

For the purpose of this research the focus was on two theories being: Credit Scoring Model and the real bills doctrine or commercial loan theory.

Any lending decision should always be preceded by detailed analysis of risks and the outcome of analysis should be taken as a guide for the credit decision. As there is a significant correlation between credit ratings and default frequencies, any derivation of probability from such historical data can be relied upon.

The model may consist of minimum of six grades for performing and two grades for nonperforming assets. The distribution of rating of assets should be such that not more than 30% of the advances are grouped under one rating (Saunders and Cornett, 2007). This system enables management to identify changes in individual credits, or portfolio trends in a timely manner.

The real bills doctrine or commercial loan theory by Adam, (1729): The real bills doctrine or commercial loan theory states that a commercial bank should advance only short term self-liquidating productive loans to business firms (Meghana, 2020). Self-liquidating loans are which are meant to finance the production and movement of goods through the successive stages of production, storage, transportation and distribution. When such goods are ultimately sold, the loans are said to liquidate themselves. Short term liquidity productive loans mature in the short run and are for productive purposes only; there is no risk of them becoming bad debts. They also earn income for the banks.

The advantage of this theory is that there is no risk of the loan becoming a bad debt and also loans of this nature are high on productivity making it easy for banks to earn a high income (Point, 2020). The limitation however is that, if the loan is declined by the bank in order for the old loan to be repaid, it will mean that the borrower would have to minimize production which will affect activity of the business and it may result in the reduction in money supply thereby making it impossible for debtors to repay their loans in good time.

1.1.3 Conceptual perspective

Credit monitoring refers to measures ensuring that the bank understands the current financial condition of the borrower or counterparty; ensure that all credit are in compliance with the existing covenant; follow the use customer make of approved credit lines; ensure that projected cash flows on major credits meet debt servicing requirements; ensure that where applicable, collateral provides adequate coverage relative (Seppala, 2000).

According to Walter Leaf “A bank is a person or corporation which holds out to receive from the public, deposits payable on demand by cheque.” Horace White has defined a bank, “as a manufacture of credit and a machine for facilitating exchange.” “A bank is an establishment which makes to individuals such advances of money as may be required and safely made, and to which individuals entrust money when not required by them for use.”

A commercial bank refers to a company licensed to carry on financial institution business and whose principal business consists mainly in the acceptance of call, demand, savings and time deposits withdrawal by cheque or otherwise, in the capacity of a bank, provision of overdrafts and short to medium term loans; provision of foreign exchange, participation in inter-bank clearing systems and the provision and assumption of guarantees, bonds and other warranties on behalf of others(BOU Financial act 2004)

According to Kamar and Ayuma (2016), debt recovery strategies are considered to be a very essential component of the performance of any financial institution since they play a key role in guaranteeing that the significant objective of the organization is to give credits that outcomes into the favored result of making net revenue past the advances progressed. It is clear that the nearness of obligation recuperation systems guarantees the borrowers to pay their obligations (Heller & Truman, 2017).

1.1.4 Contextual perspective

In Uganda, Available statistics from Bank of Uganda indicate that total loans in the Industry have grown from UGX 3.4 trillion in 2006 to UGX 9.4 trillion in 2014. (BOU, Annual Supervision Report, 2014).

Centenary Bank Ltd was established with the major objective of providing financial services to all Ugandans with a special focus on the rural poor. Its mission is to provide to reduce poverty among people especially among rural people (Mutegeki, 2015).

According to (Matovu and Okumu, 2013) the credit analysis specifically is on 5Cs (Capital, character, collateral, conditions and capacity). Reports indicate that for the period 2013 to 2017, Centenary Bank have been greatly exposed to losses on loans (Centenary Bank Report, 2016).

Table showing the financial performance trend of Centenary Bank

	2019	2018	2017	2016	2015	2014
	Shs m	Shs m	Shs m	Shs m	Shs m	Shs m
Total assets	3,567,023	3,170,832	2,706,280	2,315,749	1,974,400	1,636,923
Loans and Advances to Customers	1,736,300	1,529,200	1,335,305	1,247,703	1,020,227	830,932
Customer Deposits	2,530,625	2,282,236	1,911,138	1,626,614	1,380,194	1,175,116
Equity	772,102	643,690	557,781	485,017	400,625	317,501
Total Revenue	673,189	568,235	511,889	463,857	393,901	324,299
Net Results after tax	155,912	107,633	100,275	109,909	101,601	73,817

Source: Centenary bank financial performance report (2019)

According to the table above, the Centenary Bank performance has been on a positive relationship that has led to its improvement in performance. For example, there is a good performance in loans and advances to customers from 830,932 in 2014 to 1,736,300 in 2019. This has increased the bank revenue from 324,299 in 2014 to 673,189 in 2019. And this can be attributed to

application of proper credit monitoring, and the recovery strategies. It is against the above backdrop that I intend to establish the influence of credit monitoring, recovery strategies and performance of centenary Banks in Kabale District. These identified Bank specific credit monitoring and recovery strategies have limited research available. This is further delineated in the statement of the problem hereafter.

1.2. Statement of the problem

While lending has remained to be the principal business in centenary bank in Kabale, efficiency of the bank in loans recovery is required for the performance of the Bank in this business area (Offiong and Egbuka, 2017). However, it has been reported that there is a critical problem of low loan recovery efficiency in centenary bank. Forexample, it was observed that there was low loan repayment in centenary bank in 2017 because borrowers failed to meet loan repayment conditions by delaying paying loans due to failures of the Bank to consider poor credit history of borrowers, multi-borrowing behaviors of some borrowers, high interest rate and poor Bank-borrower relationship (Luasha, 2009; Mraba, 2011).

In order to address the problem of loan recovery, the Bank has been implementing different recovery strategies. These strategies include assessment of credit standards, credit policy, and create communication channels and monitoring and follow-up the borrowers (Commercial Bank, 2016). These strategies have increased the performance of centenary bank through portfolio growth, profitability, customer retention, and innovation. All this promotes the sustainability of the institution and help it meet its objectives.

1.3 Objectives of the study

1.3.1 General objective

The general objective of this study was to examine the influence of credit monitoring, recovery strategies and performance of centenary Bank.

1.3.2 Specific objectives

- i. The influence of credit standards on the performance of centenary bank in Kabale district
- ii. The influence of credit policy on the performance of centenary bank in Kabale district.
- iii. The influence of communication on the performance of centenary bank in Kabale district

1.4 Research questions

- i. What is the influence of credit standards on the performance of centenary bank in Kabale district?
- ii. What is the influence of credit policy on the performance of centenary bank in Kabale district?
- iii. What is the influence of communication on the performance of centenary bank in Kabale district?

1.5 Hypotheses of the study

The following hypotheses were developed for empirical testing:

HO₁: There is no significant relationship between credit standards and the performance of centenary bank.

HO₂: There is no significant relationship between the credit policy and the performance of centenary bank.

HO₃: There is no significant relationship between communication and the performance of centenary bank.

1.6 Scope of the study

According to Mugenda (1999) the scope of the study sets the limited or outer makers of coverage. Therefore, this research considered the content of the problem the time period the researcher takes while conducting the research to the time of writing the dissertation.

1.6.1 Subject scope

The study focused on the effect of credit monitoring, recovery strategies and financial performance of centenary bank in Kabale district in Uganda, where the independent variable is credit monitoring applied at commercial banks are credit standards, credit policy and monitoring and follow-up and the dependent variable performance of centenary bank are return on Asset, branch network, market share, and sales Volume

1.6.2 Geographical study

The study was carried out in Kabale district, south western Uganda. The study was conducted in Kabale district south-western region in Uganda. It borders with Rwanda from the south, Rubanda from the west, Rukiga district from the north and Rukiga district from North-East. The researcher therefore carried out a study in this area to establish the effect of credit monitoring, recovery strategies and financial performance of centenary bank in Kabale district.

1.6.3 Time scope

The research covered a period of 10 months between August 2021 to May 2022 during this period; the centenary bank gave out credits to clients and trying to see how to recover them. Therefore compression was done to create a relationship (Nekesa, 2016)

1.7 Significance of the study

This study would help various stake holders in Banks mainly management and shareholders to identify gaps inherent in their financial institutions and find ways of improving on their asset portfolio.

This study would help financial institutions identify key risk areas in managing credit risk and also develop and implement a credit risk infrastructure to identify appropriate technologies and systems.

It would also help in resource management in credit functions; for instance, developing a process of identifying and planning for capacity requirements

This research is intended to assist in developing and implementing robust processes of monitoring and measuring data quality in respective loan portfolios in relation to accuracy, consistence and completeness.

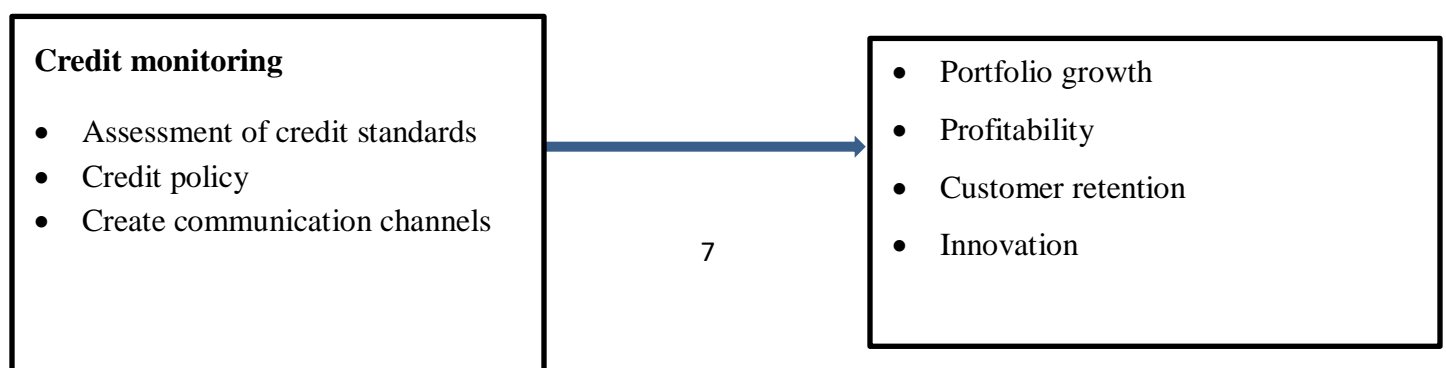
1.8 Conceptual framework

Independent variable

Credit monitoring and recovery strategies

Dependent Variable

Performance of centenary bank



Adopted from Kamar and Ayuma (2016) by the researcher (2021)

The conceptual frame work shows that the independent variable in this study will be credit monitoring which will be conceptualized as credit standards, credit policy and monitoring and follow-up and recovery strategies like flexible repayment plans, extend or lower payments, interest rates, or lower fees, and create communication channels. Yet the dependent variable (Financial performance) was measured in terms of liquidity, profitability, customer retention, innovation, and bank preference. Kakuru (2003) discovered that the recurring problems of commercial banks in Uganda include poor credit policy, poor management, lack of capital and credit facilities; shortage of skilled workers; inadequate infrastructure; lack of managerial, marketing and technical expertise; and limited applications of new technology. In addition, external environmental factors, such as fast changing technology, competition, economics, socio cultural and international factors also have a significant effect on the success and failure of Banks. Increased competition, dimension growth, continuous improvement and also significant development in information technologies are all reasons why performance measurement systems (PMS) in Banks should be designed in an applicable manner (John, 2010).

1.9 Definition of operational terms

Credit standards refer to the rules and regulations that a financial institution follows in giving out credit to a member.

Credit Policy is a policy that contains rules and regulations that determine the amount of credit that can be given to customers and how to recover non-performing loans.

Credit period refers to the period that a credit customer is given to wait before paying loan

Credit risk is a risk emanating from a borrower failing to meet the loan installments

Financial performance refers to the financial institutions using its assets to generate profits for its sustainability and development

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

The chapter covers literature by other authors regarding credit monitoring, recovery strategies and the performance of commercial banks. It covers the different credit stands, credit policy, making monitoring follow-ups on the performance of commercial banks.

2.1 Relationship between credit standards and financial performance

The guidelines a company follows to determine whether a credit applicant is creditworthy (Farhan and Mohammad,2020). Credit standards are a set of terms that a company or bank uses to determine whether to extend a loan or line of credit to an applicant. Credit standards may include having a certain FICO score recent good credit history and a certain income (Isanzu,2017).

Mafumbo, (2020) emphasized that individual accounts of credit applicants need a great deal of scrutiny and that, for this reason, it's important that standards be set basing on the individual credit applicants. Mwangi, (2012) argue that credit standards provide guidelines for determining whether to extend credit to a client and how much credit should be extended. Serwadda,(2018) noted that it is important that credit standards be set basing on individual credit applicants by considering credit risk controls, collection policy and credit limit and default rate Mwangi, (2012)

2.3 Research gap

The following studies were undertaken as come from the related studies. Horn (2012) studied effectiveness of credit management system on loan performance using Micro finance sector in Kenya, Mabwe (2010) studied a financial ratio analysis of commercial bank performance in South Africa, the study covered 2005- 2010, and was employed to measure credit quality performance of five large South Africa based commercial banks, Mishkin & Fredrick (2010) studied credit policy and debt collection performance in developmental banks in Uganda, Dejene

(2012) sought to evaluate the financial performance of construction and business bank (CBB) of Ethiopia, and The studies emphasized on financial performance measurement ratios such as asset utilization efficiency ratios, deposit mobilization, loan performance, Leverage, efficiency ratios. It was due to all above studies that prompted the researcher to bring into the attention and explore the credit monitoring, recovery strategies and financial performance of commercial banks in Kabale district.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the general methodology that was used for the study

3.2 Research design

The study used case study design and cross sectional design and in categories of both qualitative and quantitative designs.

3.3 Study population

The target population that were considered for the study were 40 staffs and 163 customers which made up 203 respondents.

3.4 Sample size

The researcher took the whole target population as sample size as below

Table 3.1: Population and Sample Size

S/NO	Category	Population	Sample size	Sampling technique
1.	Centenary bank	40	36	Simple random sampling
2.	Customers	163	113	Simple random sampling
Total		203	149	

Source: Morgan table (1970)

3.5 Sampling techniques and procedure

In this study, the accounts department and credit/loans Section were purposively selected because they are the ones who are conversant with financial performance of banks.

3. 6 Data Collection Methods

3.6.1. Questionnaire survey

This method was used to collect data from the staff of centenary bank. The study used a close ended questionnaire and it used a five point Likert scale ranging from 5-strongly agrees, 4-Agree, 3-Not sure, 2- Disagree and 1-Strongly disagree.

3.6.2. Interviewing method

In this method the researcher interviewed customers of centenary bank.

3.7 Data collection instruments

3.7.1. Questionnaire

The study used a close ended questionnaire to collect information from staff of centenary bank specifically from accounts and loan departments

3.7.2. Interview Guide

This tool was used to collect data from customers of centenary bank who are involved in taking loans from the bank

3.8 Quality control Instrument

3.8.1 Validity

The Content Validity Index (CVI) was arrived at using the following formula.

CVI = Number of items declared valid

Total number of items.

The closer the CVI to 1

The more valid is the instrument and the results

3.8.2 Reliability

Pilot study was conducted on the instrument using Cronbach's alpha co-efficient generated from SPSS before going of the actual data. .

3.9.1 Qualitative Data Analysis

Qualitative Data Analysis is type of data was analyzed by forming themes and statements that are used to measure the relationship between the two variables. This analysis was done concurrently with data collection.

3.9.2 Quantitative Data Analysis

Raw data from questionnaires were checked for completeness, edited, coded and entered into the computer using SPSS software where it was verified for accuracy.

3.10 Data Collection Procedure

The proposal was approved; a letter of introduction was obtained from the faculty of economics and management sciences that enabled the researcher to proceed to the centenary bank in the field. Data was collected, gathered data, edited, coded and combined in form of tables for statistical analysis.

3.11 Ethical considerations

The research valued in voluntary participation, anonymity and protection of respondents from any possible harm that could a raise from participating in the study.

3.12 Limitations of the study

- i. Time available for the research was not enough.
- ii. Delays in submitting back the answered questionnaires by respondents.
- iii. Some respondents gave false information in order to please the researcher and this may undermine the reliability of the research findings. However, the researcher explained properly the purpose of the study.

CHAPTER FOUR

DATA PRESENTATION, INTERPRETATION, AND DISCUSSION

4.1 Introduction

This chapter presents the findings of the study. The researcher used customers especially centenary bank agents and the staff of centenary bank in Kabale municipality and Kabale district as a whole to collect the required data for the study.

4.1.1 Questionnaire Return Rate for Respondents

The study involved stakeholders for centenary bank in Kabale municipality Kabale District. Questionnaires were used as the instruments for the study. All the 36 questionnaires were administered to staff respondents in centenary bank were collected. This represented 100 percent return rate. Out of 113 interview guides administered to customers, only 82 were returned filled because it was easy to find such customers in their businesses and at the bank during the study and this represented 72.6% of the response rate on customers.

4.2 Data presentation and interpretation

A number of variables pertaining to the respondent's background were considered during the study. Respondent's age, sex and level of education, status of respondents were the key variables that were explored. The researcher considered the age, sex, marital status and education levels of respondents. The biographic data was very essential for the researcher and the study in order to describe the best respondents selected for the study as presented in the table 4.2.1 below

4.2.1 Demographic Characteristics of Respondents

Various demographic characteristics of these respondents were obtained and are detailed in the following tables. These included gender, age, and education, employment, status and marital status.

4.2.1 Descriptive on bio data of respondents

Table 1: Shows descriptive on bio data of respondents

	Table showing age of	Table showing education	Table showing marital	Table showing occupation of respondents
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		respondents	levels of respondents	status of respondents	
N	Valid	118	118	118	118
	Missing	0	0	0	0
Mean		2.3740			
Median		2.0000			
Std. Deviation		.99488			
Variance		.990			

Source: Primary Data (2022)

The results in the table 2 above shows statistics on mean which indicates 2.3740, median of 2.00, standard deviation of 0.99488 ad the variance of 0.990.

4.2.2 Gender of respondents

Gender was an attribute that was considered among the demographic characteristics. The distribution of the respondents by gender is presented in table 2.

Table 2: Shows Distribution of study participants by Sex

Category	Female (f)	Percentage (%)	Male (m)	Percentage (%)	Total Frequency
Staff centenary bank	13	36.1	23	63.9	36
Customers	43	52.4	39	47.6	82
Total	56	47.5	52.5	50	118

Source: Primary Data, 2022

Table 3: Shows gender of respondent

N Valid			118	
Missing			0	
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	63	53.4	53.4	53.4
Female	55	46.6	46.6	100.0
Total	118	100.0	100.0	

Source: Primary data, (2022)

Table 3 above summarises the gender of the respondents. From the table, it shows that the majority of respondents (53.4%) were males while the rest (46.6%) were the females. This was due to the fact that most stakeholders be it employees and customers are dominated by males. Males are more than females because of the African traditional attitude towards working in money. The general finding from this data implies that the responses are relatively balanced according to gender. Thus the views in this study are representative in regard to gender. Gender characteristics present different perceptions and appreciation as regards contribution to education.

4.2.3 Age of respondents

The age of the respondents was another demographic element obtained from the study participants. The age composition of the study respondents was also an important factor in the process of understanding credit monitoring, recovery strategies and performance of centenary Bank in Kabale district. This was so because different age groups were assumed to understand the study variables differently yet considered vital to the study.

Table 4: Showing age of respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 20-31	11	9.3	9.3	9.3

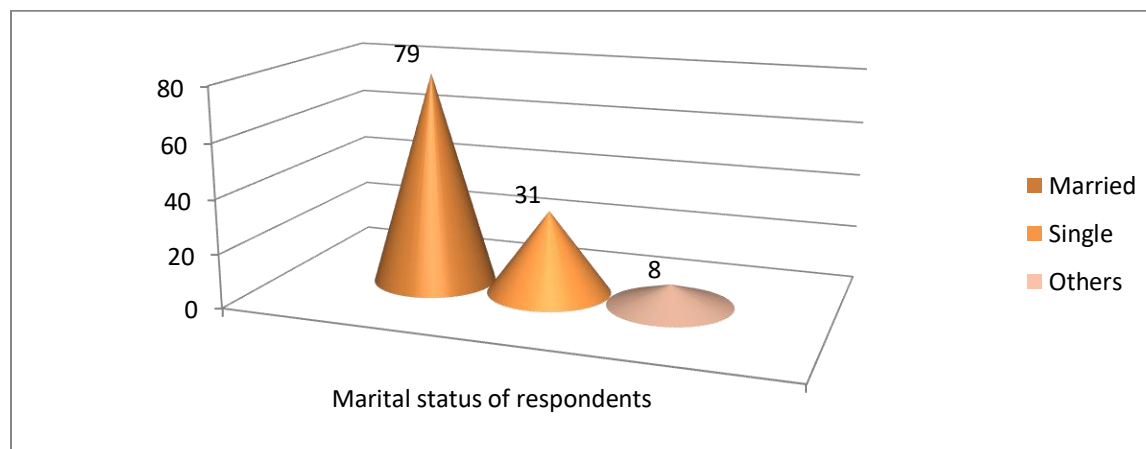
31-40	52	44.1	44.1	53.4
41-50	43	36.4	36.4	89.8
51-60	12	10.2	10.2	100.0
Total	118	100.0	100.0	

Source: Primary Data 2022

Table 4 above shows, that majority of the study participants (44.1%) were aged between 31 -40 years. The least age bracket of the study participants were 9.3% in the age bracket of 20-30 years. There were more study participants (36.4%) between the 41-50 years age bracket, while those ones above 50 years were represented (10.2%). These findings indicate that the study participants were mature and cut across the active age brackets to understand the operations of centenary bank. This implies that the study participants were in position to give reliable and mature information.

4.2.4 Marital Status of Respondents

Figure 1: Shows the marital status of respondents



Source: Field Research, (2022)

According to the results presented above in figure 2 shows that the highest number of respondents were married with 83(66.9%), the least status being the others with 08(6.8%). While other status also contributed as single were presented with 26(26.3%) of the respondents. This

was done by a researcher to have different views from these different statuses depending on how they understand credit monitoring, recovery strategies and performance of centenary Bank.

4.2.5 Education of respondents

Education was yet another demographic characteristic considered from the study participants.

Table 5: Shows the level of education of respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid No tertiary	23	19.5	19.5	19.5
Diploma	26	22.0	22.0	41.5
Degrees	56	47.5	47.5	89.0
Postgraduate	13	11.0	11.0	100.0
Total	118	100.0	100.0	

Source: Primary Data 2022

Table 5 above the shows that majority of the study participants (47.5%) had degrees as their highest level of education while the least were those who had postgraduate as their highest level of education with 11%. 22% of the participants had diploma as their highest level of education, 19.5% of the respondents had attained other qualifications of education like secondary and primary levels.

4.3 Presentation of Data

This section presents the empirical findings as established from the field. The findings are presented logically according to the study objectives and as per the method of analysis.

To this end, inferential statistics were presented followed by qualitative data from oral interviews.

This section presents the empirical findings as established from the field. The findings are presented logically according to the study objectives and as per the method of analysis.

Table 6: Shows descriptive Statistics of data

	N	Minimum	Maximum	Mean	Std. Deviation
Age of respondent in complete years	118	2	5	3.20	1.105
Level of education	118	1	3	1.65	.671
Portfolio growth	118	1	9	4.15	2.560
Customer retention	118	1	5	2.60	1.142
Profitability	118	1	4	2.45	1.050
Valid N (list wise)	118				

Source: Primary Data, 2022

The table 6 above shows description of relevant information about respondent's bio data whereby age of respondents had a min of 2 and a max of 5 having the mean of 3.20 and the standard deviation of 1.105, this shown that age of respondents was very important as it shown the maturity of respondents and their knowledge on credit monitoring, recovery strategies and performance. Level of education of respondents had a min of 1 and a max of 3 having the mean of 1.65 and the standard deviation of 0.671, this was important because it shown what credit monitoring, recovery strategies has got different development ideas on and performance to help customers get services that help them to meet their basic necessities of life. Portfolio growth had a min of 1 and a max of 9 having the mean of 4.15 and the standard deviation of 2.560, this shown that credit policies and procedures manual provides the framework for the entire credit management process and sets objective standards and parameters that guide the granting of loans and management of the loan portfolio etc. Customer retention also was important as it shown that customer retention is very important as it promotes there to understand the procedure for acquainting the loans and according to the results a min of 1 and a max of 5 having the mean of 2.60 and 2.45 and the standard deviation of 1.142 and 1.050 respectively,

4.3.1 Credit standards on the performance of centenary bank in Kabale district

The research question was answered to establish credit standards on the performance of centenary bank in Kabale district.

Table 7: Showing credit standards on the performance of centenary bank in Kabale district.

Please rate how much you agree/ disagree with each statement below, by ticking in an appropriate box using this scale: “Strongly agree (1)”; “Agree (2)”; “Undecided (3)”;

“Disagree (4)”; and *“Strongly Disagree (5)”*.

Response	SA		A		U		SD		D	
	F	%	F	%	F	%	F	%	F	%
Bank management embraces the credit standard as a norm in credit policy	64	54.2	45	38.1	6	5.1	03	2.5	-	-
Centenary bank normally reviews its credit standard after an empirical analysis of the market conditions	48	40.7	43	36.4	9	7.6	6	5.1	12	10.2
Centenary bank boasts of a competent credit team that reviews and takes decisions on credit applications	49	41.5	54	45.8	6	5.1	3	2.5	6	5.1
Bank collects reliable and timely credit information as a measure of credit standard	43	44.8	46	37.5	13	3.1	6	6.3	10	7.3
The bank credit application form is a key factor considered	59	50	41	24.8	6	21.8	09	9.7	3	7.9
The six C's of credit i.e. character, capacity, collateral, conditions, control and capital of applicant are 100%	52	44.1	39	33.1	12	10.2	09	7.6	06	5.1

evaluated.										
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Source: Primary Data, (2022)

Table 7 above show the credit standards on the performance of centenary bank in Kabale district.

Majority of the respondents presented by 54.2% strongly agreed that bank management embraces the credit standard as a norm in credit policy followed by 38.1% who agreed with the point, 5.1% of respondents was undecided while 2.5% of the respondents strongly disagreed.

Majority of the respondents with 36.4% strongly agreed that centenary bank normally reviews its credit standard after an empirical analysis of the market conditions while 5.1% of the respondents disagreed with the point of centenary bank regularly reviews its credit standard after an empirical analysis.

Majority of the respondents with 41.5% strongly agreed that centenary bank boosts of a competent credit team that reviews and takes decisions on credit applications, 45.8% of the respondents agreed with provision of instrumental strategies while 3.4% of the respondents disagreed with the point of the bank boosts of a competent credit team that reviews and takes decisions on credit applications.

Majority of the respondents with 44.8% strongly agreed that bank collects reliable and timely credit information as a measure of credit standard, 37.5% of the respondents agreed with provision of capacity building strategies while 7.3% of the respondents disagreed with the point of bank collecting reliable credit information as a measure of credit standard and 6.3% of the respondents strongly disagreed with the statement.

Majority of the respondents with 50% strongly agreed that bank credit application form is a key factor considered while 7.9% of the respondents disagreed with the point of centenary bank regularly reviews its credit standard after an empirical analysis.

Majority of the respondents with 44.8% strongly agreed that the six C's of credit i.e. character, capacity, collateral, conditions, control and capital of applicant are 100% evaluated., 33.1% of the respondents agreed with character, capacity, collateral, conditions, control and capital of

applicant are 100% evaluated while 5.1% of the respondents disagreed with the point of bank collecting reliable credit information as a measure of credit standard and 7.6% of the respondents strongly disagreed with the statement.

4.3.2 Influence of sound credit policy on the performance of centenary bank in Kabale district

The research question was answered by establishing influence of sound credit policy on the performance of centenary bank in Kabale district.

Table 8: Showing influence of sound credit policy on the performance of centenary bank in Kabale district

S/N	VARIABLES	SA		A		D		SD	
		F	%	F	%	F	%	F	%
1	The bank built its policy on courtesy, fear treatment and persuasion	29	27.3	52	44.1	23	19.5	14	11.9
2	The bank designed collection policy that is restrictive an critical for stability of trade and business growth	43	36.4	69	58.5	06	5.1	-	-
3	Bank establish a unique collection policy appropriate to client accessibility to product on time	41	34.7	73	61.9	04	3.4	-	-
4	Workers provide a strongest linkage to successful firm capacity to gain the firm's return on equity	29	24.6	82	69.5	05	4.2	02	1.7
5	Credit policies of Centenary bank influence the firm's decision to get credit	44	37.3	71	60.8	02	1.7	01	0.8

Source: Field data, 2022

Table 8 shows the merged results from respondents about the influence of sound credit policy on the performance of centenary bank in Kabale district. The findings show that the bank built its policy on courtesy, fear treatment and persuasion which was strongly agreed by 27.3% of the respondents, 44.1% of the respondents agreed that the policy on courtesy, fear treatment and persuasion and 19.5% of the respondents disagreed with the point of low civic competence.

According to the research findings in the table 8, most of the respondents presented by 36.4% strongly agreed that the bank designed collection policy that is restrictive an critical for stability of trade and business growth which affects the performance of the organisation, 58.5% of the respondents agreed that the bank designs collection policy that is restrictive an critical for stability of trade and business growth and 5.1% of the respondents disagreed that urban elite capture is not among the factors affecting quality service delivery.

Some respondents (61.9%) strongly disagreed with bank establishing a unique collection policy appropriate to client accessibility to product on time, 34.7% of the respondents agreed with how the bank establishes a unique collection policy appropriate to client accessibility to product on time while 3.4% of the respondents disagreed that the bank doesn't have a unique collection policy of loans.

According to the findings in table 8 above, most of the respondents presented by 24.6% strongly agreed with workers provide a strongest linkage to successful firm capacity to gain the firm's return on equity, 69.5% of the respondents agreed with the statement while 4.2% of the respondents disagreed with the statement.

From the table also, 37.3% of the respondents strongly agreed that credit policies of Centenary bank influence the firm's decision to get credit and 60.8% agreed that policies influence decision making of the bank on loans. 1.7% of the respondents disagreed and 0.8% of the respondents disagreed with the statement.

4.3.3 Influence of communication on the performance of centenary bank in Kabale district.

Influence of communication on the performance of centenary bank in Kabale district was established using the findings from the table below.

Table 9: Showing the influence of communication on the performance of centenary bank in Kabale district

Response	SA		A		U		SD		D	
	F	%	F	%	F	%	F	%	F	%
Works concerning the identification of the determiners of the voluntary disclosure of financial information on the web	38	32.2	59	50	9	7.6	6	5.1	-	-
The bank has to give investors a certain amount of financial information, such as the annual accounts, on its web site	38	32.2	52	44.1	19	16.1	5	4.2	04	3.4
Giving the schedule of the shareholders meetings or the calendar of the financial communication	42	35.6	44	37.3	23	19.5	4	3.4	5	4.2
The results concerning the influence of the performance on the effort of voluntary disclosure of financial information on the web remain insignificant on the statistical level	33	28	53	44.9	23	19.5	6	5.1	03	2.5
Managers of the bank are more likely to reveal as financial information to the public as possible with the aim of ensuring their position within the company	43	36.4	39	33.1	16	13.6	13	11	7	5.9

Source: Primary Data, (2022)

From the table 7 above, respondents were tasked to reveal their the influence of communication on the performance of centenary bank in Kabale district, from the table respondents revealed that works concerning the identification of the determiners of the voluntary disclosure of financial information on the web, 38(32.2%) of respondents strongly agreed with the statement, 59(50%) also agreed with the statement, 9(7.6%) of respondents were un decided about the statement, while only 6(5.1%) strongly disagreed with statement.

From the questionnaires, respondents gave their opinions that The bank has to give investors a certain amount of financial information, such as the annual accounts, on its web site whereby 38(35.2%) of respondents strongly agreed with the statement, 52(44.1%) of respondents agreed with the statement, 19(16.1%) of respondents were undecided about the statement, 5(4.2%) strongly disagreed with statement while only 4(3.4%) of respondents disagreed with the statement.

From the interview guide with respondents, giving the schedule of the shareholders meetings or the calendar of the financial communication. Respondents responded in a way that 42(35.6%) of respondents strongly agreed with the statement, 44(37.3%) of respondents agreed with the statement, 23(19.5%) of respondents were undecided about the statement, 4(3.4%) strongly disagreed with statement while only 5(4.2%) of respondents disagreed with the statement

Also from the questionnaire, respondents gave their opinions that the results concerning the influence of the performance on the effort of voluntary disclosure of financial information on the web remain insignificant on the statistical level, 33(28%) of respondents strongly agreed with the statement, 53(44.9%) of respondents agreed with the statement, 23(19.5%) were un decided about the statement, 6(5.1%) strongly disagreed with statement while only 3(2.5%) of respondents disagreed with the statement.

Respondents also gave their opinions that managers of the bank are more likely to reveal as financial information to the public as possible with the aim of ensuring their position within the company whereby 43(36.4%) of respondents strongly agreed with the statement, 39(33.1%) of respondents agreed with the statement, 16(13.6%) of respondents were un decided

about the statement, 13(13%) of respondents strongly disagreed with statement while only 7(5.9%) of respondents disagreed with the statement.

4.3.4 The effect of credit monitoring, recovery strategies and financial performance of centenary Bank in Kabale district in Uganda

To test the relationship between credit monitoring, recovery strategies and financial performance of centenary Bank in Kabale district in Uganda, the use of correlation of coefficient analysis on the data collected was used and facilitated the estimation of the relative importance of the other identified explanatory variables as well. The correlation of coefficient method used on the next page was specified in the previous chapter

Table 10: Showing relationship between credit monitoring, recovery strategies and financial performance of centenary Bank in Kabale district (Source: Primary Data, 2022)

	1:1	2:1	3:2	4:3	5:1
1:1	.000	1.000	1.000	2.000	3.000
2:1	.000	1.000	1.000	2.000	3.000
3:1	.000	1.000	1.000	2.000	3.000
4:1	.000	1.000	1.000	2.000	3.000
5:1	3.000	2.000	2.000	1.000	.000

Field data: 2022

The table above shows the correlation co-efficient of positive 2 dependent and 3 on independent variables which indicates a strong positive relationship between the effect of credit monitoring, recovery strategies and financial performance of centenary Bank in Kabale district. The results show that there is strong positive relationship between the variables. This stipulates that with proper enforced credit policies, improved communication and credit collection, review of credit procedures and monitoring helps in improved portfolio growth, profitability, customer retention and innovation and when the institution has improved portfolio growth, high profitability it will help the bank to perform well financially hence the banks operations will be sustained and therefore the centenary bank should put much emphasis on the stated variables.

Regression

Table 4.11: Regression credit monitoring, recovery strategies and financial performance of centenary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.391(a)	.209	.117	1.291

a Predictors: (Constant), portfolio, customer retention

The results from the table above shows that the centenary bank has tried in credit monitoring, recovery strategies for the positive financial performance of the institution, however the institution needs to improve the recovery strategies like communication, credit standards, and credit policy such that there is improved profitability since it's the main objective of centenary bank. This is shown by 0.209 of the R square as indicated in the table above.

Table 4.12: Relationship between credit monitoring, recovery strategies and financial performance of centenary

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3.826	3	2.187	2.973	.170(a)
	Residual	17.832	14	1.624		
	Total	23.200	19			

a) Predictors: (Constant), customer retention, profitability

b) Dependent Variable: Assessment of credit standards, sound credit policy, and create communication channels

The table 12 above indicates a positive relationship between credit monitoring, recovery strategies and financial performance of centenary. The results show that there is strong positive relationship of 3.826 between the variables. This stipulates that with proper assessment of credit

standards, sound credit policy, and create communication channels and therefore centenary should put much emphasis on the stated variables.

Table 4.13: Relationship between credit monitoring, recovery strategies and financial performance of centenary

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.097	.635		3.305	.004
	Profitability	.167	.097	.388	1.726	.102
	Customer retention	.157	.217	.162	.721	.481

Source: Primary Data (2022)

From the findings in table 12 above, there is a strong positive relationship between credit monitoring, recovery strategies and financial performance of centenary at Pearson correlation coefficient at 0.004. This implies that for every strategy formulated on credit monitoring increases the improved financial performance of centenary bank. For instance, each strategy formulated done in the bank is an opportunity to improved financial performance through portfolio growth, profitability, innovation and customer retention hence more efforts should be done to enhance their performance so as to increase on their contribution to the banks financial performance in Kabale district. If this is done well according to the operations and guidelines of centenary bank, it will promote its substantiality while operating and providing financial services to customer hence development continued proper financial performance

CHAPTER FIVE

DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the discussion, interpretation, conclusions and recommendations of the study findings on credit monitoring, recovery strategies and financial performance of centenary in Kabale district.

5.2 Discussion

5.2.1 Credit standards on the performance of centenary bank in Kabale district

Majority of the respondents 54.3% strongly agreed that bank management embraces the credit standard as a norm in credit policy followed by 38.1% who agreed with the point, 5.1% of respondents was undecided while 2.5% of the respondents strongly disagreed

Majority of the respondents with 36.4% strongly agreed that centenary bank regularly reviews its credit standard after an empirical analysis of the market conditions while 5.1% of the respondents disagreed with the point of centenary bank regularly reviews its credit standard after an empirical analysis.

Majority of the respondents with 41.5% strongly agreed that centenary bank boasts of a competent credit team that reviews and takes decisions on credit applications, 45.8% of the respondents agreed with provision of instrumental strategies while 3.4% of the respondents disagreed with the point of the bank boasts of a competent credit team that reviews and takes decisions on credit applications.

Majority of the respondents with 44.8% strongly agreed that bank collects reliable and timely credit information as a measure of credit standard, 37.5% of the respondents agreed with provision of capacity building strategies while 7.3% of the respondents disagreed with the point of bank collecting reliable credit information as a measure of credit standard and 6.3% of the respondents strongly disagreed with the statement. Majority of the respondents with 50% strongly agreed that bank credit application form is a key factor considered while 7.9% of the respondents disagreed with the point of centenary bank regularly reviews its credit standard after

an empirical analysis. The findings concur with the findings of Bogeson (1994) Credit standards are the minimum quality of creditworthiness of a credit applicant that is acceptable to the firm. In theory, the firm should lower its quality standards for accounts accepted as long as the profitability of the sales generated exceeds the added costs of the 25 receivables. This is a criteria that the client should meet to qualify for credit..

Majority of the respondents with 44.8% strongly agreed that the six C's of credit i.e. character, capacity, collateral, conditions, control and capital of applicant are 100% evaluated., 33.1% of the respondents agreed with character, capacity, collateral, conditions, control and capital of applicant are 100% evaluated while 5.1% of the respondents disagreed with the point of bank collecting reliable credit information as a measure of credit standard and 7.6% of the respondents strongly disagreed with the statement.

5.2.2 Influence of sound credit policy on the performance of centenary bank in Kabale district

The findings show that the bank built its policy on courtesy, fear treatment and persuasion which was strongly agreed by 27.3% of the respondents, 44.1% of the respondents agreed that the policy on courtesy, fear treatment and persuasion and 19.5% of the respondents disagreed with the point of low civic competence.

According to the research findings in the table 8, most of the respondents presented by 36.4% strongly agreed that the bank designed collection policy that is restrictive an critical for stability of trade and business growth which affects the performance of the organisation, 58.5% of the respondents agreed that the bank designs collection policy that is restrictive an critical for stability of trade and business growth and 5.1% of the respondents disagreed that urban elite capture is not among the factors affecting quality service delivery.

Some respondents (61.9%) strongly disagreed with bank establishing a unique collection policy appropriate to client accessibility to product on time, 34.7% of the respondents agreed with how the bank establishes a unique collection policy appropriate to client accessibility to product on time while 3.4% of the respondents disagreed that the bank doesn't have a unique collection policy of loans.

most of the respondents presented by 24.6% strongly agreed with workers provide a strongest linkage to successful firm capacity to gain the firm's return on equity, 69.5% of the respondents agreed with the statement while 4.2% of the respondents disagreed with the statement.

From the table also, 37.3% of the respondents strongly agreed that credit policies of Centenary bank influence the firm's decision to get credit and 60.8% agreed that policies influence decision making of the bank on loans. 1.7% of the respondents disagreed and 0.8% of the respondents disagreed with the statement.

5.2.3 Influence of communication on the performance of centenary bank in Kabale district.

Respondents revealed that works concerning the identification of the determiners of the voluntary disclosure of financial information on the web, 38(32.2%) of respondents strongly agreed with the statement, 59(50%) also agreed with the statement, 9(7.6%) of respondents were un decided about the statement, while only 6(5.1%) strongly disagreed with statement.

Also from the questionnaire, respondents gave their opinions that the results concerning the influence of the performance on the effort of voluntary disclosure of financial information on the web remain insignificant on the statistical level, 33(28%) of respondents strongly agreed with the statement, 53(44.9%) of respondents agreed with the statement, 23(19.5%) were un decided about the statement, 6(5.1%) strongly disagreed with statement while only 3(2.5%) of respondents disagreed with the statement.

Respondents also gave their opinions that managers of the bank are more likely to reveal as financial information to the public as possible with the aim of ensuring their position within the company whereby 43(36.4%) of respondents strongly agreed with the statement, 39(33.1%) of respondents agreed with the statement, 16(13.6%) of respondents were un decided about the statement, 13(13%) of respondents strongly disagreed with statement while only 7(5.9%) of respondents disagreed with the statement.

5.3. Conclusions

The goal of credit monitoring process is confirming the exact and accurate detector with regard to any expected alternations in relations with the repayment abilities of the credit fund and financial position of the borrower. The founded positive relations occur between credit

monitoring and profitability reveals that centenary bank credit quality and its loan portfolio are strong. The less loan loss provision provides more safety and profitability in the banking sector and allows it to operate properly under any economic condition. Minimum or zero loan loss provision provides financial stability.

Also, it increases the ability of the centenary banks managers to manage the level of the earning volatility and reduce risk-weighted assets fluctuations which in turn affect banks profitability. In addition, it provides them with information regarding banks future.

Furthermore, the results show that centenary bank credit officers are qualified to monitor and evaluate potential and unexpected circumstances which could affect borrower's credit strength. In addition to this, they have efficient ability to screen and monitor borrowers through monitoring the flow of the borrower's business accounts and financial reports. Since the credit monitoring management seemed to give a negative significance in relation to the profitability of banks, there are possibilities for these banks to improve profitability by ensuring the accurate determine for any potential changes regarding borrower's repayment abilities of the credit funds also their financial position.

Finally the researcher concluded that the there was a strong relationship between credit monitoring, recovery strategies and the financial performance of banks.

5.4. Recommendations

The following recommendations were made and tallying with objectives:

Centenary bank should improve on its credit standards to help customers access loans even from their homes this will promote the level of borrowing and it would develop a good loan book that shall lead to good loan performance hence profitability.

Management of centenary bank should address cost and benefit implications of credit policy to suit the current dynamic finance industry so as to minimise costs associate with credit while maximising the profitability.

Centenary bank should improve its communication channels through digital channels like e-mails, phone calling, via messages, etc to alert customers about the progress of their loans and this will improve trust of customers hence promoting the level of customer retention.

Centenary bank should improve on its credit policy of lending out loans to customers like providing in new systems of banking that will help customers even to pay from their areas of residence and this will promote innovation.

Through innovation, the bank should also invest in designing new products to help customers get personal quick loans that can be accessed easily like on phone without necessarily coming to the bank

Centenary bank should improve the level of monitoring through training its staff in making follow-ups about the progress of customer loans this will promote profitability since clients will be in position to repay their loans.

Centenary bank should design a system to have customers applying for the loans to be checked for their past loan performance this will help the bank to make informed decisions about the loan given to customers hence promoting loan portfolio growth.

Centenary bank should also introduce other credit policy of for example giving group loans since this will help in the process of monitoring because other members will be helping to make follow-ups on their members hence improving loan portfolio growth.

Centenary bank should improve on its technology that can assess the appraisal forms of the loan applicant such that the system can easily provide the credit score and those with high credit score be in position to receive loans hence reducing on the level of loan defaulters.

5.5 Areas for further research

The study was limited to evaluating the impact of credit policy on loan recovery in commercial banks but more research needs to be done on the following Inflation rates and performance of commercial banks

Effect of mobile money on the productivity of small and medium enterprises

Credit management and customer satisfaction in microfinance institutions.

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APPENDICES

APPENDIX I: QUESTIONNAIRE FOR MANAGEMENT TEAM

I am called Mubangizi Protase a student Master's Degree in business Administration, Kabale University, I am carrying out a study on the "the effect of credit monitoring, recovery strategies and financial performance of commercial banks in Kabale district in Uganda". Meticulously complete the questionnaire to the best of your understanding. Information provided shall be treated with utmost sense of confidentiality and it will be used for academic purpose only.

You have been selected as one of my key respondents in this study because I strongly believe you have the necessary information required for the study, You are Kindly required to spare some time and fill this questionnaire. This information obtained was treated with most confidentiality.

SECTION A: PERSONAL DATA

- | | |
|------------------------------|----------------------------|
| 1. My age | Between 18-25 |
| | Between 26 -30 |
| | Between 31 -40 |
| | Between 41-45 |
| | Between 46 and above |
| 2. Level of education | Diploma |
| | Graduate |
| | Masters |
| | PhD |
| | Professional qualification |
| 3. Time worked | Below five years |

5-10 years

10-15 years

15 years and above

4. Job category

Management

Accounts Department

Commercial Department

Sales & Marketing

5. Marital status

Single

Married

Others

6. Gender

Male

Female

7. Section B: Credit standards

Please rate how much you agree/ disagree with each statement below, by ticking in an appropriate box using this scale: “Strongly agree (1)”; “Agree (2)”; “Undecided (3)”;

“Disagree (4)”; and “Strongly Disagree (5)”.

Credit standards	1	2	3	4	5
Bank management embraces the credit standard as a norm in credit policy					
Centenary bank regularly reviews its credit standard after an empirical analysis of the market conditions					
The bank considers history of potential applicant as a credit standard					

measure					
Centenary bank boasts of a competent credit team that reviews and takes decisions on credit applications					
Some credit applicants leave without being offered credit					
The bank credit application form is a key factor considered					
The bank credit application form is a key factor considered					
Bank always ensure an effective and efficient credit standards implementations					
Conditions or the sensitivity of the customer's ability to make credit payments based on the underlying economic and market factors is adequately explored to establish the client's capacity to make credit payments					
The six C's of credit i.e. character, capacity, collateral, conditions, control and capital of applicant are 100% evaluated.					
Bank collects reliable and timely credit information as a measure of credit standard					

8. Section C: Credit policy

Please rate how much you agree/ disagree with each statement below, by ticking in an appropriate box using this scale: “Strongly agree (1)”; “Agree (2)”; “Undecided (3)”; “Disagree (4)”; and “Strongly Disagree (5)”.

Credit policy	1	2	3	4	5
The bank built its policy on courtesy, fear treatment and persuasion					
The bank designed collection policy that is restrictive and critical for stability of trade and business growth					
Bank establish a unique collection policy appropriate to client accessibility to product on time					

Workers provide a strongest linkage to successful firm capacity to gain the firm's return on equity					
Credit policies of Centenary bank influence the I I firm's decision to get credit					

9. Section D: monitoring and follow-up

Please rate how much you agree/ disagree with each statement below, by ticking in an appropriate box using this scale: “Strongly agree (1)”; “Agree (2)”; “Undecided (3)”; “Disagree (4)”; and “Strongly Disagree (5)”.

Monitoring and follow-up	1	2	3	4	5
Centenary bank has a comprehensive information system designed for credit monitoring					
The credit monitoring information system is well integrated with other financial management information systems in Commercial banks					
The credit data inputted in the credit information system is always accurate/reliable in portraying a true position of the credit status in the company					
The credit data inputted in the credit information system is always accurate/reliable in portraying a true position of the credit status in the company					
Centenary bank credit control team is adequately staffed to perform credit recovery operations					
The use of client visits to enforce payments are been useful in ensuring that clients pay their credit					
The use of private debt collectors has been useful in collecting overdue accounts					

The use of litigation has been effective in recovering outstanding credit					
Centenary bank always benchmarks with other firms on loan monitoring and recovery best practices					
Management takes immediate action on the credit report recommendations					

10. Section E: Financial performance

Please rate how much you agree/ disagree with each statement below, by ticking in an appropriate box using this scale: “Strongly agree (1)”; “Agree (2)”; “Undecided (3)”; “Disagree (4)”; and “Strongly Disagree (5)”.

Financial performance	1	2	3	4	5
Centenary bank achieved the targeted sales revenue for the first quarter in the last financial year					
Centenary bank has achieved a higher growth in its ROA from the previous financial year					
Centenary bank recorded a reasonable growth in its revenue for the first quarter in the last financial year					
Centenary bank recorded a reasonable growth in its revenue for the second quarter in the last financial year					
Centenary bank has generally recorded an annual increase in its sales revenue					

11. What is the current probability level of the bank?

High

Moderate

Low

Not sure

12. How many customers do you think have failed to pay back loan obligations?

1-10

11-20

Above 20

13. In your opinion, how much has the bank lost due to fraud committed this year?

Much

Little

None

14. What do you think may hinder financial performance improvement, apart from credit risk?

.....
.....

15. How do you think this problem can be improved upon to realize an increase in the financial performance of a bank?

.....
.....
.....

Thank you very much

APPENDIX II: INTERVIEW GUIDE FOR CUSTOMERS OF CENTENARY BANK

1. What are the challenges of the centenary bank credit standards?
2. What are your recommendations for enhancing the credit standards of centenary bank?
3. What are the challenges of the centenary bank credit policy?

4. What are your recommendations for enhancing the credit policy of centenary bank?
5. What are the challenges of the centenary bank monitoring and follow-up?
6. What are your recommendations for enhancing the credit monitoring and follow-up in centenary bank?