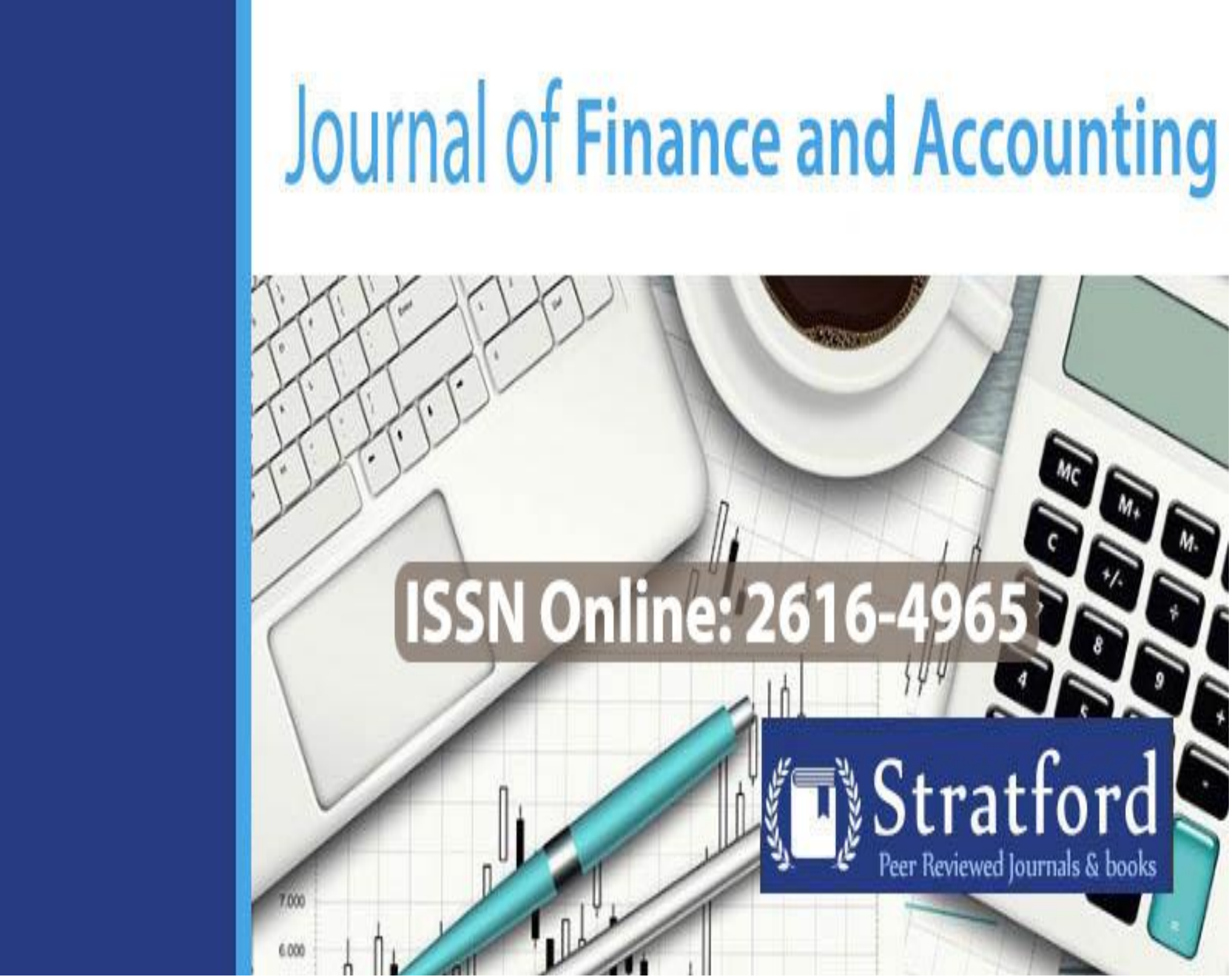

Credit Management Practices and Loan Performance of Microfinance Banks in Kenya

Steve Gakuhi Karanja & Dr. Eddie Mungami Simiyu

ISSN: 2616-4965

Stratford Peer Reviewed Journals and Book Publishing
Journal of Finance and Accounting
Volume 6||Issue 1||Page 108-139 ||May||2022|
Email: info@stratfordjournals.org ISSN: 2616-4965

Credit Management Practices and Loan Performance of Microfinance Banks in Kenya

[1*]Steve Gakuhi Karanja & [2]Dr. Eddie Mungami Simiyu

[1]Postgraduate Student, MBA (Finance), Department of Accounting and Finance, School of Business,

Kenyatta University.

[2]Lecturer, Department of Accounting and Finance, School of Business,

Kenyatta University.

Email of corresponding author: gakuhi.karanja@gmail.com

***How to cite this article*: Karanja S. G. & Simiyu E. M. (2022) Credit Management Practices and Loan Performance of Microfinance Banks in Kenya. *Journal of Finance and Accounting. Vol* 6(1) pp. 108-139.**
https://doi.org/10.53819/81018102t6009

Abstract

Loan performance of microfinance firms has declined recently. This pattern compromises microfinance organizations sustainability, viability and hinders them achieving their objectives. The purpose of this study was to see how credit management strategies affected loan performance at Kenyan microfinance institutions. The particular objectives of the study were to assess the impact of credit policy, customer evaluation, collection policy, credit conditions, and credit risk management on loan performance. Thirteen Kenyan microfinance banks are the subject of this initiative. Financial Intermediation theory, Information Asymmetry theory, and Transaction Cost theory will be used in this research. The study employed a descriptive research approach. In this study, both primary and secondary data will be employed. The basic data will be evaluated using the statistical metrics of mean and standard deviation. A direct model will be used to evaluate the impact of credit management strategies on loan performance (without moderation) and a moderating effect (with moderation). It was also utilized inferential statistics with linear regression models. Structured questionnaires were utilized in primary data collection. Financial reports for Microfinance banks and supervisory reports from the Central Bank of Kenya (CBK) will be used for secondary data collection. The study found that that their firms conduct client appraisal. The study also found that client appraisals were effective. The study found that the firm checks at the client's credit worthiness before issuing a loan. The study found that the bank has credit analyst whose work is appraise all potential loan customers who seek to borrow from the bank. There are various services providers contracted by the bank e.g. for credit tracking to help with tracking of vehicles used as collateral, insurance firms, law firms who assist in security perfection in case where land has been used as collateral, CRB firms who assist in giving information on clients CRB performance, company search firms e.g. credit info who assist in ascertaining the authenticity of companies belonging to clients who seek to borrow a loan from the firm. The study found that that the loan default rate is below 20%. The study also found that loan performance can be improved by calling customers frequently to remind them off their loans obligation particularly the perennial defaulters. Credit policy, client evaluation, collection policy, credit conditions, and credit hazard control were all huge on advance exhibition of microfinance banks in Kenya, as per the review, at a 5% degree of importance and a 95% degree of certainty. Their organizations perform customer assessment, as indicated by the review's discoveries. Client evaluations were also shown to be beneficial in the study. Before granting a loan, the business examines the client's credit worthiness, according to the research. Following are some recommendations based on the study's results and conclusions: On the impact of microfinance banks' credit policies and decision-making on loan performance, it is recommended that effective credit risk management procedures be developed and executed, particularly through credit risk management information systems.

Keywords: *Credit Management, Loan Performance, Microfinance*

1.1 Background of the study

Loan portfolio is the total cash given out as credit to borrowers. They may include; salaries advances, group advances, singular advances and corporate advances (Femi et al, 2015). It takes a gander at the quantity of clients with credit and the total aggregate in advances (Femi et al, 2015). The gross loan portfolio amounted to Ksh.42.8 billion as at December 2017, while deposits amounted to Ksh.38.9 billion, suggesting that Microfinance Banks (MFBs) are mainly financing their loan portfolio from client deposits (CBK, 2017).

Lending policies ought to be stated clearly and set out in a way to give sufficient oversight by the executives and senior officials. Because of proper lending practices, Microfinance Institutions are able to identify customers who are eligible for loans, run their operations efficiently, ease of collection of interests and loan repayments honored (Edwards et al, 2015).

Microfinance Banks are in pursuit to be business bodies in order to guarantee better efficiency and are looking to better their loan performance. Therefore, it is possible that those self-sufficient microfinance organizations will not provide individuals with the most expensive or the smallest loans (Woodcock, 2014). In 2017, the Kenyan Central Bank issued a report on its supervision of net loan assets in microfinance category rose by 13% yet, a reduction was experienced before tax that reduced by 18.9% in 2015 and 2016. Loan performance reduction was because of more arrangements for credit which was non-performing that is a credit risk by itself. According to the Association of Microfinance Institutions (2017), loan portfolio quality appears to be the most pressing issue since 59.3 percent of participants agreed in 2016 that credit risk was at the microfinance banking sector's top or second highest risk.

Past the desire to extend credit and generate income, most financial organizations need to recoup the principal amount so as to guarantee depositors fund safety and capital erosion avoidance. When granting credit, microfinance institutions put into consideration various factors namely fund cost, legal necessities, interest income, contributor's needs and risks associated with credit recommendations (Chodechai, 2014). Subsequently, microfinance institutions have over time developed credit management practices that are observed during lending. These practices include credit examinations, documentations, dispensing, follow ups and recuperation. Microfinance loaning is additionally founded on secure global rules (Prakash & Poudel, 2015).

Rajedom (2016) indicated that banks have recently seen a growth in nonperforming advance assets and these altogether added to misery in the financial area. Likewise, the greatest uncertainty in microfinance banks is granting capital and not recuperating it (Rajedom, 2016). Credit hazard is an interest for micro-finance organizations since most lending is unsecured (Soke et al, 2015). The concerned customers are significantly the individuals who cannot get loans from commercial banks and other organizations because they lack the capacity to produce collateral. Most financial firms cannot give loans to such customers because of the high risk of default (Oguntoyinbo, 2017).

The procedure of lending is driven by credit management practices implemented by policies defining the standards and processes established for better lending processes in microfinance firms. Management of risk is an essential role for microfinance firms in value creation for investors and customers (Pagano, 2015). Risks can be presumed and performance improved by recognizing, understanding and handling risks. Management of corporate risk administers institutional insight to preferred risk and reward choices creation by pricing of the market and capital fees (Ciborra, 2015). The notion of credit risk arose as an uncertainty section describing non-market surplus risk and credit risk management practices (Nelson, 2016).

1.1.1 Measurement of Loan Performance

Loan performance alludes to earnings or financing return rate in different advances. In this manner, it checks how many customers are applying for loans, amount borrowed, installments timely payment, collateral guaranteed against the funds borrowed, amount of loan products on the chain and rate of arrears recovery (Chernykh& Theodossiou, 2015).

Since revenue or interest income is essential for financial firms, it is basic for them to initiate measures that can ensure a safety net in getting back their profits as well as the loans given out and these are what this research work looks to address. A decent quality loan is one that satisfies the bank's quest to maximize profits and also has a low default risk as well (Asiamah & Osei, 2016).

The 2017 yearly supervision report of the Central Bank stated high risk of credit incidence shown in the MFI's increasing rates of non-performing loans over the course of recent years, a position which has negatively affected their loan performance. This pattern does not just compromise the sustainability and growth of the Microfinance Banks, yet in addition frustrates the accomplishment of the objectives that they were designed to grant credit to the non-banked populace and extend the financing difference in the standard economic industry (Haron, 2014).

1.1.2 Credit Management Practices

Credit management techniques is the adept mix of the credit policy factors to guarantee accumulation of advances given to clients and support their trust in and reliance to the firm(Myers and Berkley, 2016). The principal aspect is examination of the client's account. It checks the capability of the client to pay on schedule. The subsequent factor is credit time schedule setting. Thus, the financial institution should give sufficient time to permit the client achieve the full benefits of the credit. Such duration should not be too long to disadvantage the bank (Myers and Berkley, 2016). The third factor is the reduction in price or the allurement to compel credit recipients to pay back their debts on schedule. Such allurement should be sufficiently rousing earlier than the goal is accomplished. The final factor looks at the expense which will be brought about in the acquisition operation. This infers that the financial institution should not allocate advances where the sum to be used on arrears collection will probably be higher than the liability. To mix these factors into an effective framework requires organizing properly, governing and strategizing all accessible man-power and assets (Myers and Berkley, 2016).

Sindani, 2016, proposed four credit the board rehearses are character, limit, responsibility and security. Microfinance organizations should see when giving out acknowledge to customers in order to keep up the monetary adequacy of the firm (Soke et al, 2015). Monetary associations think about customer's person in making a decision fair and square of credit worth of a borrower. Most monetary foundations regard the borrower's standing, dependability and genuineness, and record history as a sign of capacity to repay the acquired assets. The monetary foundation may similarly think about information and association in your area of business, your grasp of money related principles and the adequacy of your arrangements for the eventual fate of your business (Sindani, 2016).

As per Nikolaidou and Vogiazas (2015), credit management includes setting up formal authentic strategies and methods that will guarantee officials award credit, and the credit goes to the ideal individuals. Additionally, Nikolaidou and Vogiazas demonstrated that the Credit is given for profitable operations or for financially and technically sound enterprises sensible, the loan requested is given, the loan is redeemable and satisfactory administration data stream exists inside the firm to screen the credit exercise.

As indicated by Coyle (2017), credit management practices entail the following; credit risk recognition, evaluation, follow ups and regulation. Recognition of credit includes identifying the risk related with a specific loan. Credit risks emerge from adjustments in the attribute of the borrower's loan.

Performance of the loan is enhanced by client assessment. It screens customers to make certain they have readiness and aptitude to reimburse an advance. Microfinance firms utilize the Five-Cs of credit to assess a client as a likely borrower (Nawaz et al, 2018). The Five-Cs assist microfinance firms to build credit execution, as they become increasingly familiar with their customers better.

This study will consider credit management practices as it figures out the impact of credit Policy, customer assessment, policy on collection, credit conditions and credit hazard management on loan performance of Kenyan Microfinance Banks.

1.1.3 Microfinance banks in Kenya

On second May 2008, the Microfinance Act was enacted which enabled Microfinance establishments get authorization to be able to accept installments from customers (CBK, 2016). Microfinance act core focus is to direct the activities and business of microfinance organizations through surveillance and authorization. The Central Bank of Kenya report 2019 states that thirteen microfinance banks operate in Kenya. The banks are; Maisha Microfinance Bank, Uwezo Microfinance Bank, U & I Microfinance Bank, SMEP Microfinance Bank, Sumac Microfinance Bank, Remu Microfinance Bank, Rafiki Microfinance Bank, Kenya Women Microfinance Bank, Faulu Microfinance Bank, Daraja Microfinance Bank, Choice Microfinance Bank, Century Microfinance Bank and Caritas Microfinance Bank.

The rise of microfinance banks opens an extensive variety of credit risks that result to partaking of credit policies, for example, credit assessment, credit standards, credit risk control and credit analysis with a goal to accomplish successful administration of credit. Reimbursement rates of loans in microfinance organizations is affected by components such as tight controls, high-recurrence of collections, great administration of data framework, credit officer motivators and monitoring. Additionally, the amount and advancement of credit, rate of interest institution charges and disposal period of loan, affect the rate of reimbursement (Olokoyo, 2015).

Besides loaning, microfinance banks additionally provide an extensive a variety of businesses, for example insurance and savings (Premchander, 2017). Microfinance banks offer services like investment funds, credit, assurance and remittance in little quantity generally to the needy people (Dasgupta, 2016).

Stratford Peer Reviewed Journals and Book Publishing
Journal of Finance and Accounting
Volume 6||Issue 1||Page 108-139 ||May||2022|
Email: info@stratfordjournals.org ISSN: 2616-4965

Loan officials practice credit management practices in microfinance firms. They are responsible for lending to clients or groups, making follow ups for payments to ensure the organization does not endure financial losses from defaulters (Tinishu, 2016). Credit management practices assume an important job in preserving a balance in finances within depositing and lending (Alex, 2016).

1.2 Statement of the Problem

Kenyan micro-finance banks are prevalent in giving credit to customers supplementing Commercial Banks. Loan delinquency has kept on being experienced by microfinance banks even after lending cautiously and embracing credit guidelines (Nguta & Guyo, 2015). Microfinance banks have encountered a rise in nonperforming advances and a default pace of 20% in 2014 – 2015 timeline (Barasa, 2016). This required Kenyan microfinance banks to assess credit management processes in order to guarantee loan repayment so as to avoid financial losses (Barasa, 2016).

Microfinance Institutions success more often depends on credit management's efficiency that enhances repayment rates and contributes to better loan performance (Njenga, 2014). The MFIs in Kenya utilize different credit management practices, rules, statutory and systems of scoring credit. Regardless of these policies, the organizations still experience a rise in nonpayment rates (16%) that negatively affect the advance execution of the organizations (Njenga, 2014).

Local studies have been conducted universally in connection to lending credit, and loan management Femi et al (2014) found that asymmetric information led to two complications when issuing finance debt. It begins with, adverse selection, defined as the circumstance in which the borrower has more information about its definite capacities and aspect of the business than the lender. Secondly, moral risk, which is explained as the business riskiness level will not function in a constant way with the obligation. The impact of the complications is higher rates of interest to make up for the risk, and this prompts to risk averse borrower drop of and just the high risk clients are left and willing to pay for the loan.

An investigation was done by Eurenius (2016) on credit risk and credit examination in ninety-five Swedish banks. The study discovered most institutions had credit policies in strengthening trust with the client. In the study of management Loan Risk Practices of micro-finance firms, Mwithi (2017) discovered there was a conclusive connection between assessment of credit risk and management of Nyeri microfinance organizations. In the investigation, Chelagat (2017) set up that organizations utilized loan metrics to gauge the advance relocation and risk of default. The outcomes exhibit that microfinance firms incur challenges of stern operational guidelines from the Kenyan Central Bank. Chege (2016), from the discovery of the investigation presumed that management processes of credit risk improve microfinance benefit. The studies did not look at other credit management methods, for instance, terms of credit, collection policies, credit strategies, and client appraisal.

The issue of giving out credit particularly to players within the informal sector comes with many challenges as asymmetry of information is very high coupled with the absence of collateral to secure loans. The present blueprint for credit delivery are not well differentiated or proficient, and therefore are not able to fully satisfy the differing demands of the market and different classes of four end-users within the savings and loans sector (Asiamah & Osei, 2016). This makes dealings around this area very risky and so it becomes critical for financial institutions operating in this area to set up viable credit management systems that try to maximize value on loans given out as risky assets to their customers. To accomplish this, microfinance institutions need effective management of loans to stay away from possible fold up. This study focused on credit management practices by investigating the role of credit policy, customer evaluation, collection policy, credit conditions, and credit risk management on Leverage of the loan of microfinance banks.

1.3 Objectives

i. To determine the impact of credit policy on loan the effectiveness of microfinance firms.
ii. To identify the impact of client appraisal on loan the effectiveness of microfinance organizations
iii. To establish the impact of collection policy on loan the effectiveness of microfinance organizations.
iv. To investigate credit conditions and their influence on loan performance of microfinance banks.
v. To discover the impact of credit risk control on loan performance of microfinance firms.

2.1 Empirical Review

2.1.1 Credit Policy and Loan Performance

Femi et al. (2015) studied the influence of credit policy on lending performance of Nigerian commercial banks using Zenith Bank Plc as a case study. Questionnaires were used to collect primary data from the sixty employees of the company. Study results have shown that having a decent credit policy will go far in limiting bad debt occurrence.

In sampled Rwandan Commercial Banks, Kayogire and Shukla (2016) examined the impact of lending policies on the performance of organizations. The purpose of this research was to use information on chosen financial institutions to explore the outcome of credit policy on results of the firms. The findings showed that commercial banks in Rwanda increased their accounts, enhanced client base and enhanced their economic indicators, maximizing their earnings. Lack of competition in the banking system, however, resulted in elevated risks. Banks have exceptionally elevated and rising average risks of interest rates and margins of interest rates indicating very bad competition as well as inefficiency.

Kwizera (2015) did an investigation on credit policies and loan recovery of B.Blue microfinance organization in Uganda. Both secondary and primary data were used to analyze information using a multiple regression model. Research outcomes revealed that credit policies are present in B.Blue microfinance organizations in spite of administrators unwillingness to enforce credit policies efficiently and this had a negative impact on B.Blue's advance recuperation in the 2013-2014 timeline when the default rate continued to rise.

Kakuru (2015) observed that by considering personality evaluation, ability, situation, and collateral and safety assets, it is essential that credit policies depend on the individual application of credit. Tight credit policies can cause a firm to lose many clients and when loan requirements are loose, companies get a higher number of customers but at a danger of loss due to poor loans, therefore absence of loan norms and credit policy hastens the recovery of bad debt. Credit policies are mostly developed succeeding thorough evaluation of previous creditor and market circumstances and are intended to restrict a borrower's likelihood of failing to make installments or default on lent money. The policies that a firm or bank utilizes, decide if a loan is to be extended to an individual. Credit policies may incorporate having a current decent history of credit and a stable income.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Finance and Accounting
Volume 6||Issue 1||Page 108-139 ||May||2022|
Email: info@stratfordjournals.org ISSN: 2616-4965

2.1.2 Client Appraisal and Loan Performance

Djankov et al. (2014) examined the impacts of client appraisal on performance of loan in one hundred and twenty-nine Eastern European nations. Interviews were performed with financial institutions executives, and data examination performed using descriptive techniques. The results found that client appraisal facilitated loan payment.

Omara (2016) performed a study in Uganda to explore the process of client appraisal and loan repayment of Kampala Barclays bank. A sample of 73 participants was surveyed, and the research findings showed that Barclays bank was delayed in scoring loans, and the bank charged fresh and existing clients with engagement fees. Analysis of data using frequencies and tables revealed that Barclays bank enforced security for loans of Uganda shillings 20 million and above.

Tesfamariam et al. (2015) examined the elements affecting the efficacy of rural SACCOS in Ethiopia and discovered that loans, wages, and expenses all had a favorable effect on the effectiveness of rural SACCOS. Additionally, they saw that customer assessment procedures were not being followed. These factors contributed to a rise in default rates, jeopardizing the development and viability of these SACCOs. The inquiry concluded that the administration should adhere to established plans and also use strict client evaluation procedures capable of identifying consumers whose financial records and ability to repay their loans are predetermined. The research made the assumption that SACCOs can possibly develop fiscally and advance the economic standards of the nation if just greater responsibility and appropriate directions are set up.

Rules for commercial banks in Pakistan (2016) show that banks ought to as a matter of need work within a strong and well accentuated criterion for new loan portfolios and in addition the widening of existing credit lines. Credit facilities ought to be expanded within focused markets and in addition the scope of the lending methodology of the establishment. Before granting a loan, the firm ought to do an appraisal of the risk profile of client or business. The appraisals help in the simple identification of any inherent risks which can give strong data that eventually facilitates the evaluation of the client's application and in addition give the essential stage to a compelling profiling of customers.

2.1.3 Collection Policy and Loan Performance

Mwenje (2016) explored the connection between collection policies and loan performance of Kenyan microfinance organizations. Mwenje (2016) explored the connection between collection policies and performance of loan of Kenyan microfinance organizations. Casual research design and descriptive research method were utilized in the investigation to show connection between loan performance and collection policies. The research populations consisted of 12 licensed Kenyan microfinance organizations. The research consisted of both main and secondary sources gathered information. Questionnaires were utilized in primary data gathering. Regression analysis was utilized for inferential statistics to identify the connection between collection policies and microfinance institutions' credit results. From the results, the research found that collection policies enhance the credit efficiency of microfinance organizations, profit increment, diversity in microfinance firms leads to better shareholder worth and enhanced savings, credit policy procedures taken by microfinance organizations enhance financing, and specialized payment capability systems help reduce defaults and improve efficiency.

Casual research design was used by Mutangili in 2014 to determine the connection within collection policies and loan performance for Kenyan commercial banks. The study population comprised of 43 banks. The research engaged primary collection and secondary data analysis for the purpose of achieving its goal. Questionnaires were utilized in gathering data. The aim was to identify the connection between collection policies and loan performance, and thus to determine the nature of this relationship, linear regression analysis model was used. The research revealed that commercial banks collection policies are reviewed yearly and that through loan manual and training, staff are made aware of collection measures. The research further disclosed that techniques mostly used in Kenya's commercial banks' loan risk evaluation are; risk-adjusted investment return and linear probability model. The research found that there is an adverse connection in banks with a correlation coefficient of 0.918 within the degree of nonperforming loans and risk of credit administration procedures, suggesting that the range of nonperforming loans is reversed by risk of credit administration procedures.

Gladys (2015) did an investigation to find out the effect of collection policies used to assess small medium-sized businesses on the range of nonperforming Kenyan commercial bank. To examine relationship of the collection strategies and nonperforming loans in Kenyan banks, a regression model was created. The discovery of the research was that the collection strategies and non-performing loans have an adverse connection.

2.1.4 Credit Terms and Loan Performance

Owizy (2015) assessed the outcome of credit terms on Nigerian banks loan performance, with specific regard to UBA bank. Ratios of finance as measurements of performance of the firm and loan signals were gathered from secondary sources primarily from the 2013-2014 yearly reports and accounts of financial firms sampled. In the study, methods of description, correlation and regression were used. The results disclosed an important outcome of the credit terms on performance of loan of Nigerian banks.

Gizaw et al (2016) looked at the result of credit terms on commercial banks loan performance. Information gathering was from eight commercial banks for twelve months (2014-2015) from yearly reports from the specific institutions and the Ethiopian National Bank. The information was evaluated by descriptive regression model and the result demonstrated that loan loss provisions, nonperforming loans, capital adequacy, and credit terms had a significant influence on banks loan performance in Ethiopia.

2.1.5 Credit Risk Control on Loan Performance

Mwithi (2017) explored factors affecting Kenya's credit risk control of Microfinance Institutions (MFI’s). The particular goals of the study included how MFIs' credit risks were influenced by quality of the asset, market base, and saturation. Based on research outcomes, Microfinance Institutions credit risk was impacted by the three variables. Warui (2014) conducted research on credit risk control impact on economic performance of Nairobi SACCOs. Specific goals included impact of the credit approval system, portfolio of credit, score of credit and analysis of risk on SACCO’s profitability. Credit risk control enhanced the profitability, loan portfolio and Sacco’s profits according to the results.

Nagarajan (2014) evaluated credit risk control for ten Mozambique microfinance organizations and found that the credit risk control changes constantly and can be established and verified at risk. Procedures need to put into consideration company partner’s dedication to correctly planning and executing it. A positive result was that by correctly controlling cash flow, losses may be minimized and assets, creating strong institutional frameworks, utilization of skilled staff and demanding of customer's discipline and completely integrating the shareholders.

2.1.6 Loan Performance

Ineffective credit risk management is the primary cause of poor loan performance (Hippolyte, 2018). Effective MFIs have found out how to maintain high loan recovery rates, often exceeding 95 percent. These strikingly high loan recuperation proportions set off the underlying rush of assets from financing organizations and the ensuing inflow from an assortment of social speculators that they might use to grow their activities.

Sindani (2016) did an investigation on viability of credit administration method for calculating loan performance of Kenyan micro-finance firms in Meru. The general goal was to survey the adequacy of systems of credit administration on performance of loan in microfinance establishments. Descriptive research design was embraced. This design explores the present state and surroundings. A census study of 80 credit officials in 14 microfinance organizations in Meru was directed. In particular, the investigation looked to build up the impact of credit terms, client evaluation, credit risk management, and collection strategies on the basis of performance of loan. Loan officers were the respondents. Collection strategy did have a higher impact on loan repayment.

Orua (2017) directed an examination on the connection amidst credit assessment and loan performance of Kenyan micro-finance organizations. The examination uncovered that shortened debt essentially affected microfinance firms outreach positively. Long term debt nonetheless indicated a significant relation with outreach but was not important to nonpayment rates.

Ntiamoah, Diana and Kwamega (2016) did an investigation on the connection amid credit administration processes and loan performance in chosen Ghanaian microfinance organizations in Accra. The examination results demonstrated there was a significant connection among the credit terms, credit policy, loaning, credit analysis, credit examination, credit risk management and performance of loan.

3.1 Research Methodology

A detailed description design of a study was implemented in this research. Descriptive research design's main aim is to portray the current state of affairs. Prakash and Poudel (2015) stated that descriptive research design helps to collect information to evaluate hypotheses or answer inquiries regarding the present state of study topics. Descriptive design relates to factors describing techniques and processes.

This research design includes collecting quantitative data describing occurrences and then organizing, tabulating, depicting, and describing the information. A descriptive research design, according to Rajedom (2016), includes planning, organizing, collecting and analyzing data in order to provide information that is being sought.

3.2 Empirical Model

A linear regression model was utilized to test credit management practices on loan performance of Kenyan micro-finance banks. Below is the regression model:

$$Y = \beta 0 + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + \beta 5X5 + \varepsilon$$

Model 3.1 Direct Effect Model

$Y= \beta_0+ \beta_1 X_1.M+\beta_2 X_2.M+ \beta_3 X_3.M+ \beta_4 X_4.M+ \beta_5 X_5.M+ \varepsilon$

Model 3.2 Moderating Effect Model

Where:

Y = Loan Performance

β0 = constant

β1 - β5 = Coefficients

X1 = Credit Policy

X2 = Client Appraisal

X3 = Collection Policy

X4 = Credit Terms

X5= Credit Risk Control

M= Risk Management

ε = Error term

3.3 Target Population

The 13 Kenyan microfinance banks were the population target of the study. A census of all the 13 microfinance firms was adopted because they are the unit of analysis. The study population comprised of 3 as the unit of observation making a total of 39 respondents.

3.4 Sampling

Purposive sampling was used in selecting participants of this study. They included: credit managers, finance directors and senior internal auditors in Kenya's microfinance organizations who are to be studied as one credit manager, one finance director and one senior internal auditor in the microfinance banks.

4.1 Findings and Discussions

Out of the tried people, 30 surveys were returned properly filled in making a response speed of 76.9%. The response rate was specialist and was sufficiently used to react to the investigation questions. As shown by Mugenda (2003), a response rate above half is adequate for assessment and declaring; a speed of 60% is satisfactory and a response speed of 70% and over is wonderful.

4.2 General Information

The general information included department, and respondent stay in the institution.

4.2.1 Name of the Organization

The respondents were asked to provide the name of their company. From the findings most (36.6%) of the respondents were from Uwezo microfinance bank, 18.2% indicated Century and Key microfinance bank respectively, while 9% indicated Choice, Caritas, and Rafiki microfinance bank respectively. This depicts that most of the respondents were from Uwezo microfinance bank.

4.2.2 Respondents Department

The respondents were asked to give their names of the organization, current department within the microfinance. From the findings, most (45.5%) of the respondents were from credit department, 36.4% were from finance department, while 18.1% were from the audit department. This means that most of the responses were from the credit union and thus were in a position to offer more credible information.

4.2.3 Respondent Stay with the Institution

The respondents were asked to say how long they had worked for the company. According to the data, the majority of respondents (63.6%) said they had worked for the university for 1-4 years, while 36.4 percent said they had worked for the institution for 5-9 years. This demonstrates that the majority of respondents had worked at the institution for a long time and were familiar with the influence of credit management procedures on loan performance.

4.3 Credit Policy Effect on Loan Repayment

This section presents findings on credit policy effect on loan repayment.

4.3.1 Stating of Credit Policies

The respondents were asked if they agreed or disagreed that credit policies are clearly stated out in their firm. The majority of respondents (67%) agreed with the results indicated that credit policies are clearly stated out in their firm while 33% were of the contrary opinion. This depicts that credit policies are clearly stated out in their firm.

4.3.2 Effectiveness of Credit Policies

The extent to which credit policies were effective was questioned of respondents. From the discoveries greater part (64%) of the respondents demonstrated generally that credit policies were effective, 28% indicated to some extent while 8% indicated small extent. This depicts that credit policies were effective.

4.3.3. Extent of Agreement of Evaluation of Accompanying Statements

The respondents were approached to demonstrate how much they concurred on how the association assess the going with proclamations in surveying borrowers. The outcomes are displayed in table 1.

Table 1: Extent of Agreement of Evaluation of Accompanying Statements

Credit policy	Mean	Std. dev
The institution has clearly formulated its credit policy	4.05	0.4009
Prior to any issue, the borrower is aware of the interest rates and computations.	3.61	0.4210
The borrower is aware of and aware of the repayment dates and deadlines.	3.82	0.4192
The repayment amounts are transparent, divided into principle, interest, and share.	3.96	0.4219

The respondents agreed on the results that the institution has clearly formulated its credit policy (mean=4.05), followed by Return amounts are clear, divided into principal, interest and share amounts (mean=3.96), repayment the borrower has distinct and established dates and deadlines

Stratford Peer Reviewed Journals and Book Publishing
Journal of Finance and Accounting
Volume 6||Issue 1||Page 108-139 ||May||2022|
Email: info@stratfordjournals.org ISSN: 2616-4965

(mean=3.82), and that before any difficulty arises, the borrower understands the interest rates and computations (mean=3.61). This depicts that institution has clearly formulated its credit policy.

4.3.4. Formulation and Administration of Credit Policy

The respondents were requested to indicate how credit policy is formulated and administered in their institution. According to the respondents this was done through the board while the management enforces the credit policy. The banks credit committee holds regular meetings where the members review the credit policy and make amendments where necessary to ensure that it is tenable.

4.4. Client Appraisal Effect on Loan Repayment

This section presents findings on client appraisal effect on loan repayment.

4.4.1 Conducting Client Appraisal

The respondents were requested to show whether their organization conduct client appraisal. According to the findings, the majority of respondents (54 percent) indicated that their firm conduct customer appraisal while 46% were of the contrary opinion. This depicts that their firms conduct client appraisal.

4.4.2. Effectiveness of Client Appraisals

The participants were asked to indicate to what extent client appraisals were effective. From the finding's majority (86%) of the respondents indicated to a large extent that client appraisals were effective, 12% indicated to some extent while 2% indicated small extent. This depicts that client appraisals were effective.

4.4.3 Extent of Agreement of Evaluation of Accompanying Statements in Appraising Borrowers

The respondents were asked to demonstrate the degree of agreement on how the organization evaluates the proceeding with explanations in evaluating borrowers. Table 2 shows the results of the research.

Table 2: Extent of Agreement of Evaluation of Accompanying Statements in Appraising Borrowers

Client appraisal	Mean	Std. dev
The firm checks at the client's credit worthiness before issuing a loan	4.34	0.1324
There are laid out parameters for credit worthiness	4.09	0.1632
There are systems in place for client appraisal	3.99	0.1002
The organization works within clearly interpreted credit assessment principle	4.18	0.1125
The firm has a well setup procedure for approving new and re-financing existing loans	4.27	0.1212

From the findings the respondents agreed that the firm checks at the client's credit worthiness before issuing a loan (mean=4.34), followed by the firm has a well setup procedure for approving new and re-financing existing loans (mean=4.27), the organization works within clearly interpreted credit assessment principle (mean=4.18), there are laid out parameters for credit worthiness (mean=4.09), and that there are systems in place for client appraisal (mean=3.99). This depicts that the firm checks at the client's credit worthiness before issuing a loan.

4.4.4. Systems and Parameters for Client Appraisal

The respondents were requested to indicate the systems and parameters their institution uses for client appraisal. According to the respondents they include risk matrix, RB checks, and affordability checks. The respondents further indicated that the bank has credit analyst whose work is appraise all potential loan customers who seek to borrow from the bank. There are various services providers contracted by the bank e.g., for credit tracking to help with tracking of vehicles used as collateral, insurance firms, law firms who assist in security perfection in case where land has been used as collateral, CRB firms who assist in giving information on clients CRB performance, company search firms e.g., credit info who assist in ascertaining the authenticity of companies belonging to clients who seek to borrow a loan from the firm. The respondents indicated that the firm have business development officers who provide the KYC documents of clients before any loan is lend out to them. The credit department manager then supervises all this to ensure that everything is in place.

4.5 Collection Policy Effect on Loan Repayment

This section presents findings on collection policy effect on loan repayment.

4.5.1. Debt Policy

The respondents were requested to indicate whether their firm have a debt policy. From the findings majority (75%) of the respondents indicated that their firm had a debt policy while 25% were of the contrary opinion. This depicts that their firms had a debt policy.

4.5.2. Effectiveness of Debt Collect Policies

The respondents were asked to demonstrate the extent to which they agreed on which strategies were powerful. From the discoveries greater part (81%) of the respondents showed generally that obligations collection policies were effective, 15% indicated to some extent while 4% indicated small extent. This depicts that debt collection policies were effective.

4.5.3. Extent of Agreement of Evaluation of Accompanying Statements in Collection Strategies

The respondents were mentioned to show the degree of concurrence on how the assess the going with explanations in assortment procedures. The discoveries are displayed in table 3.

Table 3: Extent of Agreement of Evaluation of Accompanying Statements in Collection Strategies

Collection Policy	Mean	Std. dev
The firm has a well laid out debt collection policies	4.14	0.1324
Strict debt collection deadlines clear to the borrower	4.11	0.1164
The borrower is aware of the effective penalty for default and late payment	4.22	0.1976
Regular reviews of collection policies have been conducted to improve the status of credit management	4.25	0.1189
In the event of late payments or default, the borrower will be notified as soon as possible	3.97	0.1128
Notification of grantors as soon as the borrower misses a payment or defaults	3.86	0.1498

From the findings the respondents concurred that to better the condition of the executives of credit, surveys concerning assortment arrangements have been done consistently (mean=4.25), followed by effective penalties on default and late payment well known to the borrower (mean=4.22), the firm has a well laid out debt collection policies (mean=4.14), strict debt collection deadlines clear to the borrower (mean=4.11), prompt notification to the borrower in the event of late payments or default (mean=3.97), and that there is prompt notification of grantors in the event where the borrower delays payments or defaults (mean=3.86). This depicts that better the condition of the executives of credit, surveys concerning assortment arrangements have been done consistently.

4.5.4. Extent of Debt Recovery

The respondents were requested to indicate the extent of debt recovery in their institution. According to the respondents the debt recovery is done on regular basis considering that there is fairly high number of customers who are defaulting on their loans.

4.6 Credit Terms Effect on Loan Repayment

This section presents findings on credit terms effect on loan repayment.

4.6.1 Credit Terms

The respondents were requested to indicate whether their firm have credit terms. From the findings majority (71%) of the respondents indicated that their firm have credit policy while 29% were of the contrary opinion. This depicts that firm have credit policy.

4.6.2 Effectiveness of Credit Terms

The respondents were referenced to exhibit how much credit terms are practical. From the discoveries larger part (86%) of the respondents demonstrated generally that credit terms were

Stratford Peer Reviewed Journals and Book Publishing
Journal of Finance and Accounting
Volume 6||Issue 1||Page 108-139 ||May||2022|
Email: info@stratfordjournals.org ISSN: 2616-4965

powerful, 9% showed somewhat while 5% demonstrated little degree. This portrays that credit terms were viable.

4.6.3 Extent of Agreement on Evaluation of the Accompanying Statements in Setting Terms of Credit

The respondents were mentioned to show the degree of concurrence on how the firm assess the going with explanations in setting terms of credit. The discoveries are displayed in table 4.

Table 4: Extent of Agreement on Evaluation of the Accompanying Statements in Setting Terms of Credit

Credit Terms	Mean	Std. Dev
The institution has clearly stated out its credit terms	4.19	0.1982
The cost of loan is properly communicated to the client	4.26	0.1776
Terms of credit indicate financing costs charged on advances progressed to clients	4.45	0.1890
Credit terms are assessed by client's situation according to the ratio analysis	4.38	0.1653

The respondents agreed that terms of credit indicate financing costs charged on advances progressed to clients (mean=4.45), followed by credit terms are assessed by client's situation according to the ratio analysis (mean=4.38), the cost of loan is properly communicated to the client (mean=4.26), and that the institution has clearly stated out its credit terms (mean=4.19). This depicts that the terms of credit indicate financing costs charged on advances progressed to clients.

4.6.4 Timeline for Loan Approval to Clients

The respondents were requested to indicate the timeline for loan approval to clients. According to the respondents the timeline is 48 hours. Other respondents indicated a period of 30 days after which a loan re-appraisal is done.

4.7 Credit Risk Control Effect on Loan Repayment

This section presents findings on credit risk control effect on loan repayment. The findings are presented in the following subsection.

4.7.1 Credit Risk Control

The respondents were mentioned to demonstrate whether their firm have credit hazard control. From the discoveries greater part (87%) of the respondents showed that their firm have credit hazard control while 13% were of the contrary opinion. This depicts that their firms have credit risk control.

4.7.2. Effectiveness of Credit Risk Control Policies

The respondents were mentioned to show the degree to which credit hazard control arrangements are compelling. From the discoveries greater part (95%) of the respondents demonstrated generally that credit risk control policies were effective, 3% indicated to some extent while 2% indicated small extent. This depicts that credit risk control policies were effective.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Finance and Accounting
Volume 6||Issue 1||Page 108-139 ||May||2022|
Email: info@stratfordjournals.org ISSN: 2616-4965

4.7.3. Extent of Agreement of Evaluation of Accompanying Statements in Controlling Credit Risk

The respondents were referenced to exhibit the level of admission to how the evaluate the going with declarations in controlling credit peril. The disclosures are shown in table 5.

Table 5: Extent of Agreement of Evaluation of Accompanying Statements in Controlling Credit Risk

Credit Risk Control	Mean	Std. Dev
The firm issue loans to minimize loses in case of defaults	4.20	0.1256
The institution diversifies in other sources of income to minimize loan defaults	4.32	0.1390
Imposing loan size restrictions is a good approach for enhancing organization performance	4.49	0.1284
When a penalty for late payment is imposed, customers become committed	4.28	0.1103

From the findings the respondents agreed that imposing loan size restrictions is a good approach for enhancing organization performance (mean=4.49), followed by the institution diversifies in other sources of income to minimize loan defaults (mean=4.32), when a penalty for late payment is imposed, customers become committed (mean=4.28), and that the firm issue loans to minimize loses in case of defaults (mean=4.2). This depicts that a useful strategy in improving organization performance is to impose limits on loan size.

4.7.4. Control of Credit Risk

The respondents were requested to indicate whether their institution managed to control credit risk. According to the respondents the firm had proper appraisal which control credit risk. The respondents further indicated that for customers who have unsecured loans, household chattels were used as collateral. The bank introduced an account called loan guarantee fund where such customers will be depositing 1% of the loan amount disbursed every month in order to minimize the credit risk since household chattels are high risk.

4.8 Loan Performance

This part presents discoveries on credit execution. The discoveries are displayed in the accompanying subsections.

4.8.1 Extent of Loan Default Rate

The respondents were requested to indicate the extent of the loan default rate. From the findings majority (73.7%) of the respondents indicated that the loan default rate is below 20%, 18.2% indicated 20-30% while 8.1% indicated between 31-40%. This depicts that the loan default rate is below 20%.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Finance and Accounting
Volume 6||Issue 1||Page 108-139 ||May||2022|
Email: info@stratfordjournals.org ISSN: 2616-4965

4.8.2 Improvement of Loan Performance

The respondents were requested to indicate how loan performance can be improved in their institution. According to the respondent's loan performance can be improved by calling customers frequently to remind them off their loans obligation particularly the perennial defaulters. In addition, the respondents indicated that debt collection process would be enhanced.

4.9 Regression Results of Credit management Practices and Performance

Multiple linear regression analysis was used in this work to assess the connection between predictor factors and loan performance of Kenyan microfinance institutions. To code the data and generate the regression analysis result, the researcher used SPSS version 24. The coefficient of determination was used to show how changes in the independent factors explain changes in the dependent variable. The current study's dependent variable was loan performance of Kenyan microfinance institutions, with the independent factors being credit policy, customer assessment, collection policy, credit conditions, and credit risk management.

4.9.1 Model Summary

The model summary of the connection between the predictor variables and loan performance of Kenyan microfinance institutions is shown in the table below. Table 6 summarizes the findings.

Table 6: Model Summary

Model	R	R Square	Adjusted RSquare	Std. Error of the Estimate	F	P-value
1	0.89	.792	.811	.312	31.341	.001

a. Predictors: (Constant), credit policy, client appraisal, collection policy, credit terms, and credit risk control.

b. Dependent Variable: Loan performance of microfinance banks in Kenya

The independent variable in the model explains 79.2 percent of the discrepancy in loan performance of microfinance institutions in Kenya, as seen in the table R2=0.792. However, additional factors outside the model account for 20.8 percent of the unexplained variation in loan performance across Kenyan microfinance institutions. According to the findings in the table above, the model is good and may be used for estimate. A substantial association was formed based on the results in the table, as demonstrated by the variables as illustrated by R2=0.792, which is 79.2 percent, indicating that a significant relationship exists between the independent factors and the loan performance of Kenyan microfinance institutions**.**

4.9.2 ANOVA Results

The ANOVA findings of the connection between the predictor factors and loan performance of Kenyan microfinance institutions are shown in the table below. Table 7 summarizes the findings.

Table 7: ANOVA of the Regression

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	15.615	5	3.123	25.185	.034[a]
	Residual	2.976	24	.124		
	Total	18.591	29			

a. Predictors: (Constant), credit policy, client appraisal, collection policy, credit terms, and credit risk control.

b. Dependent Variable: Loan performance of microfinance banks in Kenya

The model is statistically significant in predicting how variables (credit policy, client assessment, collection policy, credit conditions, and credit risk control) influence the Loan performance of microfinance banks in Kenya, with a significance value of 0.034, which is less than 0.05. Because the F computed above the F crucial (value = 25.185) at the 5% level of significance, the entire model is significant.

4.9.3 Coefficient of Determination

The coefficient of determination for the link between the predictor factors and the loan performance of Kenyan microfinance institutions is shown in the table below. Table 8 summarizes the findings.

Table 8: Coefficient of Determination

	Unstandardized Coefficients		**Standardized Coefficients**		
	B	**Std. Error**	**Beta**	**T**	**Sig.**
Model 1(Constant)	0.289	0.116		2.492	0.005
Credit Policy	0.319	0.122	0.514	2.615	0.001
Client Appraisal	0.287	0.117	0.452	2.453	0.002
Collection Policy	0.245	0.106	0.413	2.311	0.001
Credit Terms	0.229	0.098	0.398	2.337	0.001
Credit Risk Control	0.216	0.086	0.312	2.512	0.002

a. Dependent Variable: Loan performance of microfinance banks in Kenya

Multiple Linear regression analysis was conducted as to determine the loan performance of microfinance banks in Kenya. As per the SPSS generated table below, regression equation

Stratford Peer Reviewed Journals and Book Publishing
Journal of Finance and Accounting
Volume 6||Issue 1||Page 108-139 ||May||2022|
Email: info@stratfordjournals.org ISSN: 2616-4965

$(Y = \alpha + \beta_1X_{1+} \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_4X_4 + ẹ)$

Becomes:

$\mathbf{(Y= 0.289+ 0.319X_{1+} 0.287X_2+ 0.245X_3+ 0.229X_4+ 0.216X_4+ \varepsilon)}$

The loan performance of microfinance banks in Kenya was 0.289 when the independent variable (credit policy, client evaluation, collection policy, credit conditions, and credit risk control) was kept constant at zero. Credit policy exhibited a positive significant correlation with loan performance (=0.319, P-value=0.0010.05) according to the data findings. This is in line with the research by Kakuru (2015) that established that tight credit policies cause a firm lose many clients and when loan requirements are loose, companies get a higher amount of customers but at a danger of loss due to poor loans, therefore absence of loan norms and credit policy increases bad debt recovery. Client evaluation exhibited a positive significant relationship with loan performance (=0.287, P-value=0.0020.05) according to the data results examined. Collection policy exhibited a positive significant relationship with loan performance (=0.245, P-value=0.0010.05) according to the data findings examined.

The information discoveries broke down additionally showed that credit terms had a positive critical coefficient with advance execution (β=0.229, P-value=0.001<0.05). This related to the literature by Orua (2017) that established that shortened debt essentially affected microfinance firms outreach positively. On the other hand, long term debt nonetheless indicated a significant relation with outreach but was not important to nonpayment rates.

The information discoveries broke down additionally showed that credit hazard control had a positive critical coefficient with advance execution (β=0.216, P-value=0.002<0.05). The findings are linked to the research by Mwithi (2017) that established that credit risk control enhanced the profitability, loan portfolio and Sacco's profits according to the results. This implies that credit policy has the greatest impact on microfinance banks' loan performance in Kenya, followed by client appraisal. Credit policy, client evaluation, collection policy, credit conditions, and credit risk control were all significant on loan performance of microfinance banks in Kenya at a 5% level of significance and a 95% level of confidence.

4.10 Moderating Effect of Central Bank Regulation

Objective five of this study was to examine the moderating influence of risk management on loan performance of Kenyan micro-finance banks. The following hypothesis was formulated and tested:

H_5: Risk management does not moderate the relationship between credit management practices and loan performance of Kenyan micro-finance banks.

The hypothesis was tested using the following linear regression model

Loan performance of Kenyan micro-finance banks = f (Risk Management)

$Y = \beta_0 + \beta_5X_5 + \varepsilon$

Where

Y = Loan performance of Kenyan micro-finance banks

X_5 = Risk Management

β_0: = Constant term

ε = Error term

This theory was tried utilizing Baron and Kenny (1986) four-venture strategy. Direct relapse was utilized in each progression. In sync one, advance execution of Kenyan miniature money banks was relapsed using a credit card the executives rehearses. On the off chance that R2 and beta coefficients are genuinely critical, the cycle would move to stage two. In case they are not critical, the cycle ends and would be reasoned that hazard the executives doesn't intervene connection between credit the board practices and advance execution of Kenyan miniature money banks.

Stage 2 included relapsing of credit the board rehearses on hazard the executives. In the event that the outcomes are critical; the cycle moves to stage 3 in light of the fact that the important condition for balance exist. In sync three the impact of hazard the board on credit execution of Kenyan miniature money banks is tried utilizing a basic direct relapse model. A measurably critical impact of hazard the executives on credit execution of Kenyan miniature money banks is an important condition in testing for the control. The examination then, at that point moves to stage 4. At last, Step four tried the impact of credit the board rehearses on advance execution of Kenyan miniature money banks while controlling for the impact of hazard the executives. These tests were finished utilizing straightforward direct relapse examination. The impact of credit the board rehearses on advance execution of Kenyan miniature money banks ought not to be measurably huge when hazard the executives is controlled. This is an important condition in testing for control.

Step one: Test of the influence of credit the board rehearses on advance execution of Kenyan miniature money banks. The aftereffects of the relapse examination are introduced in Table 9.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Finance and Accounting
Volume 6||Issue 1||Page 108-139 ||May||2022|
Email: info@stratfordjournals.org ISSN: 2616-4965

Table 9: Regression Results

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.814	.663	.671	.71399

Predictors: (Constant), Credit Management Practices

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.404	4	.351	.688	.000
	Residual	12.75	25	.510		
	Total	13.154	29			

Dependent Variable: Loan performance of Kenyan micro-finance banks

Predictors: (Constant), Credit Management Practices

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.372	.584		5.774	.000
	Credit management practices	.243	.151	.042	1.609	.000

Dependent Variable: Loan performance of Kenyan micro-finance banks

Predictors: (Constant), Credit management practices

The outcomes in Table 9 show that credit the board rehearses had a moderate positive relationship with advance execution of Kenyan miniature money banks (R=.814). The model clarified 66.3 percent of the variety in credit execution of Kenyan miniature money banks which was critical (R2=663, F=.689, P<0.05) leaving 33.7 percent unexplained. The outcomes in this way affirmed the initial step of testing for the control of hazard the board between credit the executive's practices and advance execution of Kenyan miniature money banks.

Step two: The effect of credit management practices on risk management was tested as part of the test for risk management moderation in the link between credit management practices and loan performance of Kenyan microfinance banks. Table 10 summarizes the outcomes of the testing.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Finance and Accounting
Volume 6||Issue 1||Page 108-139 ||May||2022|
Email: info@stratfordjournals.org ISSN: 2616-4965

Table 10: Regression Results

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.871	.759	.767	.64597

Predictors: (Constant), Credit Management Practices

ANOVA

	Model	Sum of Squares	Df	Mean Square	F	Sig.
	Regression	.444	1	.444	1.065	.004[b]
1	Residual	11.676	28	.417		
	Total	12.12	29			

Dependent Variable: Risk management
Predictors: (Constant), Credit Management Practices

Coefficients

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.228	.166		19.446	.000
	Credit management practices	.248	.146	.052	1.699	.004

Dependent Variable: Risk management
Predictors: (Constant), Credit Management Practices

The outcomes introduced in Table 10 above demonstrate that credit the executives rehearse had a positive solid and huge impact on hazard the board (R=.871 P< 0.05). The model clarified 75.9 percent (R2=759, F=1.065, p < 0.05) of the variety in hazard the board, leaving 24.1 percent unexplained. The outcomes, in this way propose that the second step of testing affirms mediation of hazard the executives in the connection between credit the board practices and advance execution of Kenyan miniature money banks and consequently allows examination to move to stage 3.

The third step of the test for the control of hazard the board in the connection between credit the executives rehearse and involved testing the impact of parental intervention on advance execution of Kenyan miniature money banks. The outcomes for the stage 3 are introduced in Table 11.

Table 11: Regression Results Depicting Intervening Effect of risk management on the Relationship between credit management practices and loan performance of Kenyan micro-finance banks.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.111	.012	.014	.2989

ANOVA

	Model	Sum of Squares	Df	Mean Square	F	Sig.
	Regression	.188	2	.094	1.057	.307
1	Residual	2.403	27	.089		
	Total	2.591	29			

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	T	Sig.
Risk management	.015	.061	.030	.246	.006
Credit management practices	.087	.055	.186	1.582	.307

Predictors: (Constant), Credit Management Practices, Risk management

Dependent Variable: Loan performance of Kenyan micro-finance banks

The outcomes in Table 11 demonstrate that hazard the board had a powerless positive relationship with credit execution of Kenyan miniature money banks (R=.111). The model clarified 1.2 (0.012) percent of the variety in credit execution of Kenyan miniature money banks. 98.8 percent of credit execution of Kenyan miniature money banks is clarified by different variables not considered in the model. The outcomes were not measurably huge at P=>0.05. The outcomes in this manner didn't fulfil condition in the third step in testing for control impact of hazard the board in the connection between credit the executive’s practices and advance execution of Kenyan miniature money banks. The impacts of hazard the executives (B=.015, t= .252, p>0.05) and credit the board rehearses (B=.087, t= 1.566, p>0.05) were not genuinely critical. The model was likewise not genuinely critical (R2=.012, F=1.057, p>0.05).

The measurable outcomes at stage three are not huge and subsequently gave the important conditions to advance to stage 4 in testing for the directing impact and didn't uphold the mediating impact of hazard the executives in the connection between credit the board practices and advance execution of Kenyan miniature money banks. Along these lines, the interaction ended at stage 3 and subsequently there can't be results for stage 4 to introduce.

The outcomes were demonstrative of the way that acknowledge the board rehearses interface for hazard the executives and the cooperation impacts credit execution of Kenyan miniature money banks however the roundabout impact was not satisfactory from the outcomes in this review. The review acknowledges the theory that hazard the executives doesn't direct the connection between credit, the board practices and advance execution of Kenyan miniature money banks.

4.11 Discussion of Findings

The study found that credit policies are clearly stated out in their firm. The study also found that credit policies were effective. The study found that institution has clearly formulated its credit policy. The study found that administration of credit policy was done through the board while the management enforces the credit policy. The banks credit committee holds regular meetings where the members review the credit policy and make amendments where necessary to ensure that it is tenable. Kayogire and Shukla (2016) inspected the effects of credit strategy on execution of the associations. The discoveries showed that business banks in Rwanda expanded their records, upgraded customer base and improved their financial markers, augmenting their profit. Lack of competition in the banking system, however, resulted in elevated risks. Banks have exceptionally elevated and rising average risks of interest rates and margins of interest rates indicating very bad competition as well as inefficiency.

The study found that that their firms had a debt policy. The study also found that debts collection policies were effective. The investigation discovered that to better the condition of the board of credit, audits concerning assortment strategies have been done consistently. The study also found that debt recovery is done on regular basis considering that there is fairly high number of customers who are defaulting on their loans. Mutangili (2014) did a review to decide the association inside assortment strategies and advance execution for Kenyan business banks. The research revealed that commercial banks collection policies are reviewed yearly and that through loan manual and training, staff are made aware of collection measures. The research further disclosed that techniques mostly used in Kenya's commercial banks' loan risk evaluation are; risk-adjusted investment return and linear probability model. Gizaw et al. (2016) looked at the result of credit terms on commercial banks loan performance. The result demonstrated that loan loss provisions, nonperforming loans, capital adequacy, and credit terms had an important impact on the banks loan performance in Ethiopia.

The study found that that firm have credit policy. The study also found that credit terms were effective. The study found that terms of credit indicate financing costs charged on advances progressed to clients. The study also found that loan approval was a period of 30 days after which a loan re-appraisal is done.

The study found that firms have credit risk control. The study also found that credit risk control policies were effective. The investigation discovered that a valuable methodology in further developing association execution is as far as possible on advance size. The study found that for customers who have unsecured loans, household chattels were used as collateral. The bank introduced an account called loan guarantee fund where such customers will be depositing 1% of the loan amount disbursed every month in order to minimize the credit risk since household chattels are high risk. Orua (2017) directed an examination on the connection amidst credit assessment and loan performance of Kenyan micro-finance organizations. Long term debt nonetheless indicated a significant relation with outreach but was not important to nonpayment rates.

The study found that that the loan default rate is below 20%. The study also found that loan performance can be improved by calling customers frequently to remind them off their loans obligation particularly the perennial defaulters. In addition, the respondents indicated that debt collection process would be enhanced. The investigation discovered that at 5% degree of importance and 95% degree of certainty, credit strategy, customer evaluation, assortment strategy, credit terms, and credit hazard control were all huge on advance presentation of microfinance banks in Kenya. Advance execution result essentially from inadequate organization of credit hazards (Hippolyte, 2018). Compelling MFIs have sorted out some way to keep up high paces of advance recovery, by and generally more than 95%. These strikingly high credit recovery extents set off the basic surge of resources from financing associations and the resulting inflow from a combination of social theorists that they could use to develop their exercises.

The investigation discovered that the way that acknowledge the executives rehearses collaborate for hazard the board and the connection affects credit execution of Kenyan miniature money banks however the aberrant impact was not satisfactory from the outcomes in this review. The review acknowledged the speculation that hazard the executives doesn't direct the connection between credit, the board practices and advance execution of Kenyan miniature money banks. Nagarajan (2014) evaluated credit risk control for ten Mozambique microfinance organizations and found that the credit risk control changes constantly and can be established and verified at risk. Procedures need to put into consideration company partner's dedication to correctly planning and executing it.

5.1 Summary of Findings

The study found that credit policies are clearly stated out in their firm. The study also found that credit policies were effective. The study found that institution has clearly formulated its credit policy. The study found that administration of credit policy was done through the board while the management enforces the credit policy. The banks credit committee holds regular meetings where the members review the credit policy and make amendments where necessary to ensure that it is tenable.

The study found that that their firms conduct client appraisal. The study also found that client appraisals were effective. The study found that the firm checks at the client's credit worthiness before issuing a loan. The study found that the bank had credit analyst whose work is appraise all potential loan customers who seek to borrow from the bank. There are various services providers contracted by the bank e.g., for credit tracking to help with tracking of vehicles used as collateral, insurance firms, law firms who assist in security perfection in case where land has been used as collateral, CRB firms who assist in giving information on clients CRB performance, company search firms e.g. credit info who assist in ascertaining the authenticity of companies belonging to clients who seek to borrow a loan from the firm.

The study found that that their firms had a debt policy. The study also found that debts collection policies were effective. The investigation discovered that to better the condition of the board of credit, audits concerning assortment approaches have been done consistently. The study also found that debt recovery is done on regular basis considering that there is fairly high number of customers who are defaulting on their loans.

The study found that that firm have credit policy. The study also found that credit terms were effective. The study found that terms of credit indicate financing costs charged on advances progressed to clients. The study also found that loan approval was a period of 30 days after which a loan re-appraisal is done.

The study found that firms have credit risk control. The study also found that credit risk control policies were effective. The investigation discovered that a valuable methodology in further developing association execution is as far as possible on advance size. The study found that for customers who have unsecured loans, household chattels were used as collateral. The bank introduced an account called loan guarantee fund where such customers will be depositing 1% of the loan amount disbursed every month in order to minimize the credit risk since household chattels are high risk.

The study found that that the loan default rate is below 20%. The study also found that loan performance can be improved by calling customers frequently to remind them off their loans obligation particularly the perennial defaulters. The investigation discovered that at 5% degree of importance and 95% degree of certainty, credit strategy, customer evaluation, assortment strategy, credit terms, and credit hazard control were all huge on advance presentation of microfinance banks in Kenya.

5.2 Conclusion of the Study

The study concluded that that their firms conduct client appraisal. The study also found that client appraisals were effective. The study concluded that the firm checks at the client's credit worthiness before issuing a loan. The study concluded that the bank has credit analyst whose work is appraise all potential loan customers who seek to borrow from the bank. There are various services providers contracted by the bank e.g. for credit tracking to help with tracking of vehicles used as collateral, insurance firms, law firms who assist in security perfection in case where land has been used as collateral, CRB firms who assist in giving information on clients CRB performance, company search firms e.g. credit info who assist in ascertaining the authenticity of companies belonging to clients who seek to borrow a loan from the firm.

The study concluded that that their firms had a debt policy. The study also concluded that debts collection policies were effective. The review presumed that to better the condition of the executives of credit, surveys concerning assortment approaches have been done consistently. The study also concluded that debt recovery is done on regular basis considering that there is fairly high number of customers who are defaulting on their loans.

The study concluded that firms have credit risk control. The study also concluded that credit risk control policies were effective. The review presumed that a valuable system in further developing association execution is as far as possible on advance size. The study concluded that for customers who have unsecured loans, household chattels were used as collateral. The bank introduced an account called loan guarantee fund where such customers will be depositing 1% of the loan amount disbursed every month in order to minimize the credit risk since household chattels are high risk.

The study concluded that that the loan default rate is below 20%. The study also concluded that loan performance can be improved by calling customers frequently to remind them off their loans obligation particularly the perennial defaulters. The review reasoned that at 5% degree of importance and 95% degree of certainty, credit strategy, customer examination, assortment strategy, credit terms, and credit hazard control were all huge on advance presentation of microfinance banks in Kenya.

5.3 Recommendations for the Study

The exploration found that credit strategy impacted advance execution of microfinance banks. This involves having a successful strategy upgraded advance execution. In this way, the review suggests that credit administrators should utilize sound credit hazard the board rehearses are embraced and carried out particularly however credit chances the executive's data frameworks.

The study further recommends that microfinance banks should actively participate in the legislation of credit risk management practices by the government through the association of

Stratford Peer Reviewed Journals and Book Publishing
Journal of Finance and Accounting
Volume 6||Issue 1||Page 108-139 ||May||2022|
Email: info@stratfordjournals.org ISSN: 2616-4965

microfinance institutions in Kenya in the implementation of the credit sharing information Act. The credit manager should work in Unison with the government to ensure the risks are moderated.

The Association of Microfinance Institutions should consider provisions for specific credit risk management practices to be adopted and implemented uniformly by all microfinance institutions to reduce the amount of nonperforming loans of microfinance Institutions in Kenya. Further the two should establish policies and guidelines of determining NPLs and loans write offs to avert excessive loan losses by commercial banks in Kenya.

Plainly most microfinance banks have high measure of remarkable obligations, this concentrate consequently suggests that microfinance organizations should execute better obligation recuperation techniques to diminish costs, increment productivity and expand their obligation recuperation endeavors through setting up powerful debt the board and recuperation item that can help in growing more engaged assortment systems by productively portioning, focusing on and finding obligation accounts.

The concentrate further suggests that microfinance banks should set up assortment prioritization procedures through fostering a more engaged assortment technique by figuring out which records have the most elevated installment potential. Execution of cutting-edge scoring and division apparatuses will be useful in giving.

It is likewise evident that the most microfinance establishments utilize the current acknowledge strategy as the essential archive for defining another credit strategy. It will likewise be significant if store taking microfinance establishments consider utilizing credit strategy reports from other effective comparative associations as a benchmark for the best credit the board rehearses.

https://doi.org/10.53819/81018102t6009

REFERENCES

Abiola, I., & Samuel, A. (2014). The impact of credit management on the commercial banks performance in Nigeria. *International Journal of Management and Sustainability*. https://doi.org/10.18488/journal.11/2014.3.5/11.5.295.306

Alila, U., & Obado, B. (2014). Working with Savings and Credit Cooperatives, Cooperative Bank of Kenya. *Cooperative Bank of Kenya Report on the SACCO Movement in Kenya AFRACA workshop*.

AMFI. (2014). *2014 Sector Report on the Kenyan Microfinance Sector*. Retrieved June 6, 2019, from Association for Micro-finance Institutions: https://www.amfikenya.com/management/img/news/bef5ea869c92c416c83253cb43d5410c.2014%20Sector%20Report%20on%20the%20Kenyan%20Microfinance%20Sector

AMFI. (2017). *AMFI SECTOR REPORT FINAL*. Retrieved June 6, 2019, from Association for Micro-finance Institutions: https://www.amfikenya.com/management/img/news/17be41b779822b8d4d122daf22a87e4a.AMFI%20SECTOR%20REPORT%20FINAL

AMFI. (2017). *Microfinance Sector report 4th Edition 2017*. Retrieved June 6, 2019, from Association for Micro-finance Institutions: https://www.amfikenya.com/management/img/news/35c0f24860c8d8d41a26dcd21372e322.Microfinance%20Sector%20report%204th%20Edition%202017

Asiamah, J., & Osei, V. (2016). *Microfinance in Ghana; An Overview. Research Department, Bank of Ghana.* Accra.

Asiamah, J., & Osei, V. (2017). Microfinance in Ghana; An Overview. Research Department, Bank of Ghana, Accra.

Awuonyo, S. (2015). The Cooperative movement in Kenya: Challenges and Opportunities. *Colorscapes Media Ltd*.

Barasa, W. (2016). Credit Bank Policy and Profitability of a Commercial Bank; A case study of Housing Finance Bank (HFB). *MBA Project, Makerere University*.

Binks, M., & Ennew, T. (2015). Small business and relationship banking: the impact of participative behaviour, entrepreneurship. 83-92. https://doi.org/10.1177/104225879702100406

CBK. (2014). *Bank Supervision Annual Report 2014*. Retrieved June 3, 2019, from Central Bank of Kenya: https://www.centralbank.go.ke/images/docs/Bank%20Supervision%20Reports/Annual%20Reports/2014BSAnnualReport.pdf

CBK. (2015). *Bank Supervision Annual Report 2015*. Retrieved June 3, 2019, from Central Bank of Kenya: https://www.centralbank.go.ke/uploads/399346751_2015%20Annual%20Report.pdf

CBK. (2016). *Bank Supervision Annual Report 2016*. Retrieved June 3, 2019, from Central Bank of Kenya:

https://www.centralbank.go.ke/uploads/banking_sector_annual_reports/831171133_2016%20Annual%20Report.pdf

CBK. (2016, June). *Directory of Licensed Microfinance Banks*. Retrieved June 3, 2019, from Central Bank of Kenya: https://www.centralbank.go.ke/wp-content/uploads/2016/06/Directory-of-Licenced-Microfinance-Banks.pdf

CBK. (2017). *Bank Supervision Annual Report 2017*. Retrieved June 3, 2019, from Central Bank of Kenya: https://www.centralbank.go.ke/uploads/banking_sector_annual_reports/849246690_2017%20Annual%20Report.pdf

CBK. (2018, February 23). *Consultative Paper on the Review of the Microfinance Legislations*. Retrieved June 3, 2019, from Central Bank of Kenya: https://www.centralbank.go.ke/wp-content/uploads/2018/02/CONCEPT-PAPER-ON-REVIEW-OF-THE-MICROFINANCE-LEGISLATION-1.pdf

Chege, W. (2016). The relationship between credit risk management practices and financial performance among microfinance institutions in Kenya. *MBA Project, University of Nairobi*.

Chelagat, N. (2017). Determinants of Loan Defaults by Small and Medium Enterprises among Commercial Banks in Kenya. 5-56.

Chernykh, L., & Theodossiou, A. (2015). Determinants of Bank Long term Lending Behavior. *Journal of Banking and Economic Research*, 56-60.

Chodechai, S. (2014). Determinants of Bank Lending in Thailand: An Empirical Examination for Credit-management.

Ciborra, C. (2015). Imbrication of representation: risk and digital technologies. *Journal of Management Studies*, 39-56.

Cohen, M. (2016). *Research Methods in Education* (4th ed.). London: Routledge Publishers.

Collins, A., Johnny, P., Mepbari, N., & Barikui, T. (2017). Financial Management and the Public Sector: Trend, Problems and Prospects. *Equatorial Journal of Finance and Management Sciences*, 34-35.

Coyle, B. (2017). *Framework for credit risk management.* United Kingdom: Chartered institute of bankers.

Djankov, S., McLiesh, C., & Shleifer, A. (2014). Private Credit in 129 Countries. *Journal*, 299-329. https://doi.org/10.1016/j.jfineco.2006.03.004

Duffie, N., & Singleton, K. (2016). *Credit Risk: Pricing, Measurement, and Management.* New Jersey: Princeton University Press.

Edwards, P., & Turnbull, C. (2015). Finance for small and medium sized enterprises. Information and the income gearing challenge. *International Journal of marketing*, 3-9. https://doi.org/10.1108/02652329410048275

Elizabeth, M. (2016). Effect of credit management practices on loan performance in deposit taking microfinance banks in Kenya. *MBA Project, Jomo Kenyatta University of Agriculture and Technology*.

Eppy, I. (2015). Perceived Information Asymmetry, Bank lending Approaches and Bank Credit Accessibility by SMES in Uganda.

Evans, N. (2014). An Assessment of Credit Management Practices on Loan Performance. *University of Electronic Science and Technology of China*.

Femi, O., Marshal, T., & Ayodele, J. (2015). Credit risk and bank performance in Nigeria. *Journal of Economics and Finance*, 21-28.

Gaitho, M. (2014). *Evaluation of Financial Performance of Savings and Credit Cooperative Societies.* Nairobi: Government Printer.

Gladys, K. (2015). The effect of credit risk management practices on the level of non-performing loans. A case study of commercial banks lending to SMES in Kenya. *MBA Project, University of Nairobi*.

Glen, I. (2016). *Determining the Sample Size: Program Evaluation and Organizational Development* (2nd ed.). Florida: University of Florida Press.

Haron, M. (2014). Effectiveness of Credit Management System on Loan Performance: Empirical Evidence from Micro Finance Sector in Kenya. *MBA Project, Chuka University College*.

Kagoyire, A., & Shukla, J. (2016). Effect of credit management on performance of commercial banks in Rwanda (A case study of Equity bank Rwanda LTD). *International Journal of Business and Management Review*, 1-12.

Kakuru, J. (2015). *Finance & Business Division.* Nakawa: Crown Publishers.

Kakuru, J. (2015). The Management of Loan Portfolios and the Performance of Indigenous Commercial Banks in Uganda: A Case Study of Uganda Commercial Bank and Centenary Rural Development Bank.

Karimi, I. (2016). An investigation in determinants of loan default within the Banking industry in Kenya. A case study of HFCK. *MBA project, Moi University*.

Kimuyu, I., & Omiti, T. (2015). Determinants of loan default in the Saccos in Kenya. *MBA project, JKUAT University*.

Kipkirui, E. (2016). Credit management practices and financial performance of microfinance institutions in Nairobi Central Business District, Kenya. *MBA Project, Kenyatta University*.

Kirui, K., & Kalio, M. (2016). Influence of Credit Risk Management Practices on Loan Performance in Micro-finance Institutions in Baringo County. *MBA Project, University of Nairobi*.

Kirui, S., & Aquilars, M. (2014). Influence of credit risk management practices on loan performance of microfinance institutions in Baringo County. *International journal of science and research*, 19-64.

Kithinji, M. (2014). Effects of credit risk management in unsecured loans in Kenya: An Exploratory Study, K-Rep Bank.

Kwizera, A. (2015). Credit Policy and Loan recovery in Microfinance Institutions: A case of B.blue Microfinance Institution Kisoro. *Published Thesis, Makerere University, Kampala Uganda*.

Lwanga, H. (2016). Strategic responses of Saccos to changing competitive business environment: a study of Kussco affiliated Saccos in Nairobi County. *MBA project. University of Nairobi*.

Migiri, D. (2016). Credit Management Models: A case of banks in Kenya. *Thesis. University of Nairobi*.

Mkandawire, K. (2017). *Credit Risk: Pricing, Measurement, and Management of unsecured loans.* New Jersey: Princeton University Press.

Mpiira, H., Malimba, G., & Musafiri, I. (2018). Pepayment behavior in Credit and savings Societies: empirical and theoretical evidence from rural Rwanda. *International Journal of Social Economics*, *36*(5).

Mutangili, M. (2014). The relationship between credit risk management practices and the level of nonperforming loans for commercial banks in Kenya. *MBA Project, University of Nairobi*.

Muthee, N. (2016). Management Practices of Unsecured Loans in Commercial Banks in Kenya: A Case Study of CFC Stanbic Bank Limited. *MBA Project, UNITED STATES INTERNATIONAL UNIVERSITY – AFRICA.*

Mwithi, S. (2017). Relationship between credit risk management practices and the level of non-performing loans of microfinance institutions in Nyeri County. *MBA Project, University of Nairobi*.

Myers, C., & Brealey, R. (2016). *Principles of Corporate Finance.* New York: McGraw- Hill.

Nagarajan, M. (2014). Credit risk management practices for microfinance institutions in Mozambique.

Nawaz, M., Munir, S., Siddiqui, S., & Afzal, F. (2018). Credit Risk and the Performance of Nigerian Banks. *Interdisciplinary Journal of Contemporary Research in Business*, 51-63.

Nayar, C. (2015). An institution for capital formation among the Ngwa Igbo; its origin and development. *Journal of Economic*, *54*(4), 46-58. https://doi.org/10.2307/1160396

Nelson, L. (2016). Solving Credit Problem. *Intermediate Financial Management*.

Nikolaidou, E., & Vogiazas, S. (2014). Credit risk determinants for the Bulgaria banking system. *International Advance Economics Research*, 87-102. https://doi.org/10.1007/s11294-013-9444-x

Njenga, B. (2014). The effects of credit management practices on loan performance in deposit taking microfinance institutions in Kenya. *MBA Project, University of Nairobi*.

Oguntoyinbo, M. (2017). *Credit risk assessment of the microfinance Industry in Nigeria: An application to Accion Microfinance Bank Limited.* Retrieved June 15, 2019, from Stellenbosch University Research Repository: http://scholar.sun.ac.za/handle/10019.1/21643

Oketch, D. (2014). *Causes and Consequences of Default among Micro-Enterprises in Kenya.* Research Paper, Nairobi.

Omara, M. (2016). Credit assessment process and repayment of bank loans in Barclays bank Uganda ltd. *Published MBA Project, Makerere University*.

Stratford Peer Reviewed Journals and Book Publishing
Journal of Finance and Accounting
Volume 6||Issue 1||Page 108-139 ||May||2022|
Email: info@stratfordjournals.org ISSN: 2616-4965

Orodho, L., & Kombo, U. (2015). *Research Methodology in Social Sciences.* Dodoma: Daya Publishing House.

Pagano, M. (2015). Information Sharing, Lending and Defaults: Cross- Country Evidence. *Journal of Banking & Finance*, 17-45.

Peil, L. (2014). *Research Methodology and Design* (2nd ed.). New York: Thomson Publishers.

Poudel, R. (2015). The impact of credit risk management in financial performance of commercial banks in Nepal. *International Journal of arts and commerce*, *1*, 9-15.

Prakash, P., & Poudel, S. (2015). The impact of credit risk management on financial performance of commercial banks in Nepal. *Published PhD Thesis, University of New England Australia Business School*.

Rajedom, R. (2016). The lending policy and customer defection in finance organization. *Journal of finance and marketing*, 11-15.

Saunders, M., Lewis, P., & Thornhill, A. (2014). *Research Methods for Business Students* (6th ed.). Edinburgh: Pearson Education.

Shamoo, I., & Resnik, U. (2015). A comprehensive guide to participatory research methods. *Journal of research studies*, 34-45.

Sindani, R. (2016). An overview of fraud and money laundering in the East Africa financial services industry. *Deloitte Forensic*.

Soke, F., & Yusoff, N. (2015). A Preliminary Study on Credit Risk Management Strategies of Selected Financial Institution in Malaysia.

Trochim, K. (2015). *Research Methods Knowledge Base.* New york: Apexes Publishers.

Warui, N. (2014). Factors influencing failure of front offices of FOSA in SACCO societies in Kenya. *MBA project, Moi University*.

Williamson, O. (2014). Strategy Research, Governance and Competence Perspectives. *Journal of Research Studies*, 30-45.

Woodcock, M. (2014). Learning from failures in microfinance: What unsuccessful cases tell us how group based programs work. *American Journal of Economics and Sociology*, 17-42. https://doi.org/10.1111/j.1536-7150.1999.tb03281.x

Yaw, A. (2015). Assessing Credit Management Practices in Savings & Loans Companies: A Case Study of First Allied Savings & Loans Ltd, Ksi. *MBA Project, Kwame Nkrumah University of Science and Technology*.