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Role of Project Risk Assessment on Performance of Credit Products at Bank of Africa, Rwanda

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Abstract

The study examined the role of project risk assessment on performance of credit products at the Bank of Africa in Rwanda. The study was guided by the following specific objectives: To determine the contribution of technical feasibility on performance of credit product at Bank of Africa, to establish the contribution of project financial viability on performance of credit product at Bank of Africa and to evaluate the contribution of client's credit rating on performance of credit product at Bank of Africa. This study applied descriptive design to get results related to the study, the target population as well sample size was 72 respondents. Researcher utilized census as sampling technique. The source of data was primary and secondary methods. Questionnaires were adopted to collect primary data and documentary review applied for collecting secondary data. The data was obtained using descriptive statistical analysis with use of frequency, percentage, mean and standard deviation, and inferential statistics by the use of Pearson correlation (r) and multiple linear regression analysis through Social Packages and Statistical Science version 23. The presentation of results was presented using tables, the pilot test was determined to ensure the validity and reliability of instrument used in data collection. The results were presented using Pearson Coefficient Correlation to indicate the relationship between variables, the findings showed that technical feasibility correlated with credit product at Bank of Africa at r=0.76; Furthermore, project financial viability influences performance of credits products at correlation coefficient of .738 while the findings showed that there is positive correlation between client's credit rating and performance of credit product at Bank of Africa at 72.1%. The study concludes that project risk assessment contributes to the performance of credit products through technical feasibility, project financial viability and client's credit rating. The study recommends that project implementors need to improve the client credit rating to enhance performance of credit products.

Keywords: *Project Risk Assessment, Performance, Credit Products, Rwanda*

1.0 Introduction

International organizations such as the World Bank, governments and non-governmental organizations (NGOs) plan and implement development projects with the aim of improving living conditions in developing countries (Youker, 2013). Projects are means of reducing problems related to poverty, health and unemployment, which are predominantly found in rural areas of many developing countries. According to PM I (2016), a project is defined as a temporary activity undertaken to create a unique product or service.

The global financial crisis caused the collapse of some financial institutions because they had weak risk assessment to detect the risk having huge non-performing loans. Due to African Countries financial crisis, some financial institutions failed due to insufficient financial assessment methods for identifying the risk associated with large Loans that are not performing well. Inflation, high and volatile interest rates, and a recession are all possibilities., a rash of banking problems, and the global financial collapse have all contributed to increased risk in the banking environment. Furthermore, traditional bank management practices have been shown to be insufficient in this demanding, unstable, challenging, uncertain, and hostile operating environment (Garderner, 2016).

To avoid credit risk, developing-country financial institutions must exercise extreme caution with their portfolios. This is due to the fact that the most of clients rely on bank loans to fund their various projects. As a result, portfolio theory is gaining traction in banks, as it entails selecting portfolios that maximize projected return while maintaining an acceptable level of risk for each individual. The theory establishes a framework for defining and quantifying investment risk, as well as for linking that risk to expected returns. Its basic premise is that investors frequently want to maximize their return for a given amount of risk. The entire range of investments must be considered. The return ratio of the assets in the portfolio is critical because the returns of all of these investments interact (Reilly & Brown, 2018).

Project Risk Assessment facilitate banks in identification, assessment, and prioritization of risks followed by coordinated and economical application of resources to minimize, monitor, and control the probability and/or impact of unfortunate events. Project risk assessment is used to introduce the system used in identification, assess, manage, and monitor risks such that aggregated information can be used to protect, release, and create value. A similar study was done in Pakistan in the year 2012. It looked at different risk management procedures that could help banks in Pakistan avoid disastrous crises and see what risk assessment procedures are already in place in Pakistan. The study also aimed to identify the different strategies banks in Pakistan can use to have low non-performing credit products. The study revealed that there was no proper tool for risk assessment and management to assist the banks to maximize their performance. Study concluded that non-performing credit products are increasing and are becoming a threat to the profitability of banks. In Rwanda's economic environment, the banking industry has grown in importance, and its influence has a significant impact on credit facility issuance.

Bank lending opportunities enhance investors' ability to profit from the profitable businesses that they desire. Banks' primary source of income is credit creation. Losses are possible when borrowers fail to repay loans or other forms of credit. Banks, in particular, are a significant source of credit risk in the financial industry. Credit Risk Basel Committee on Banking Regulation (2014) and Gostineau, according to the Basel Committee on Banking Supervision (2015), credit events may cause you to lose all or a portion of your outstanding loan (default risk) According to

Athanasoglou *et al*. (2015), banks' risk appetite has a significant impact on bank profitability and safety. Bank of Africa is financial institutions which profit oriented organization with numerous bank products and services. Among these services and products credits is among of them where bank provides credit to the clients as the way of helping them to implement various projects to improve standard of life.

1.1 Problem statement

Appropriate project risk assessment play great role to the performance of credit products as well as performance of bank. However, experiences over the years have shown that inadequate project risk assessment increase inability of loan takers to repay the credit which impact negatively performance of banks. The study conducted by Kithinji (2018) about the contribution of project risk assessment on the performance of credit products in Tanzania. The findings showed that 32% of implemented project failed to repay the credit due poor assessment of project feasibility and applicability of project. Furthermore, in Uganda Lintner (2020) showed that ignoring project feasibility, poor skills of loan officers and misuse of loan are the factors causing inability of credit seekers to meet credit product requirements. According to (Agyei & Yeboah, 2017), some business company have had difficulties in growth of their profitability and some end up closing their doors; probably inadequate risk assessment policies and practices are the major causes of failures and poor performance of these firms.

In Rwanda, 43% of credit takers to invest in agriculture project failed to repay the credits due to poor feasibility and technical studies during 2019-2022. Furthermore, more risk in agriculture project such as environment risks, inadequate skills of project implementors and project risks management strategies influence highly poor performance of project as well as outcomes of project (Engel, 2022). According to the study done Muasya, (2022) indicated that 15% of offered loans for project implementors in period of 2019-wre not returned back on time which decrease the financial performance of banks. Even though various researchers have been conducted, some gaps are still available to clarify the role of project risk assessment on performance of credit's products using technical feasibility, project financial feasibility and client's credit rating on the credit products. Furthermore, all researches conducted none of carried out using case of Bank of Africa. Therefore, researcher interested in conducting the role of project risk assessment on performance of credit products at Bank of Africa.

2.1 Objectives of the Study

The objective of the study was to investigate the role of project risk assessment on performance of credit products at the Bank of Africa in Rwanda.

2.0 Literature Review

2.1 Theoretical Review

2.1.1 Project

A project is a temporary endeavour undertaken to create a unique product or service (Turner and Müller, 2017). Temporary means that every project has a definite beginning and a definite ending. Unique means that the product or service is different in some distinguishing way from all similar products and services. Word project is derived from Latin where "pro" means" forward" and "jacere" means throw". Thus, the original meaning of project is something that in a figurative

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sense has been thrown forward, a proposal. The meaning has gradually been extended to include the process of realizing the proposal and the people who perform the realization.

2.1.2 Project Risk

Project risks are defined as events that cause delays or other problems that prohibit a project from being completed successfully. All projects, large and small, are subject to risks that cause them to fail or prevent them from achieving their intended goals (Aduma & Kimutai, 2018). Additionally, Shukla and Oduor (2015) describe project risk as hindering project performance through increased schedules and costs, and causing project or program inefficiencies. When risks manifest, they are classified as issues in the framework of project management and must be handled using a risk response strategy.

The process of risk management focuses project managers on finding, categorizing, setting priorities and planning for risks before they occur. According to Naktari (2014), risk is an unforeseeable event or circumstance that, the moment it arises, has a positive or negative effect on at least one of the project objectives. A risk is an unforeseeable event that, regardless of whether it occurs, may have a negative effect on the project's objectives, such as its scope, timeline, budget, or quality. Project managers ought to pinpoint risks that could jeopardize the project's performance using various project management techniques. A variety of methods are used to identify risks that may be associated with operations, advances in technology, organizational process, and the nature of the organization and projects.

2.1.3 Project Risk Assessment

A project risk assessment is a process that aims to gain a deeper understanding of which project tasks, deliverables, or events could influence its success. Through the assessment process, you identify potential threats to your project and analyze consequences in case they occur. Project risk management is the process of identifying, analyzing, and responding to potential risks as a project progresses to keep it on track to meet its goals. Risk management shouldn't just be reactive; It should also be part of the planning process to identify potential project risks and manage them when they arise (Nyoni, 2018). For different projects, risk management can imply different things. Large projects may necessitate quite through preparation for each risk in order to ensure that mitigation plans are implemented in the event of project issues. Smaller tasks may benefit from a simple, assigned priority of high, medium, as well as low level threats.

2.1.4 Credit

The existence of credit in the economy affair is already used since a long time ago. It is often heard or even directly related to the credit in everyday life. The term loan is to be things that often we encounter in society (Ozturk & Aktan, 2017). The easiest example is an electronics store, where many of its products are sold not only by the cash purchase system but also with the credit. Creditor right is to obtain payment, or the debtor's obligation is to make payments at the time requested or in the future because of the delivery of money at present. In the credit, there is the principle of trust and prudence. Indicators of these beliefs are based on moral beliefs, commercial, financial, and assurance. While confidence in the credit can be divided into two, pure and reserve trust. Pure trust is when lenders extend credit to the debtor based only on trust without any warranty of any kind (Shafiq & Nasr, 2019). For example, the debtor to borrow money from friends and was not accompanied by any collateral, only based on mutual trust. While the reserve trust, the lender providing credit or loans to borrowers not only by faith alone but accompanied by a collateral

matter. In lending at banks that are taking precedence is collateral for the loan, so not only based on the principle of trust alone (Soyemi & Ashogbon, 2014). Humans require credit because humans have needs that sometimes must be purchased by installments. Human needs are varied by the dignity that is always rising, while the ability to achieve something is limited. This causes the human need assistance to meet the desires and ideals.

2.1.5 Credit Risk

The solvency of financial institutions is typically at risk when their assets become impaired, so it is important to monitor indicators of the quality of their assets in terms of overexposure to specific risks trends in non-performing loans and the health and profitability of bank borrowers. Credit risk is inherent in lending which is the major banking business. It arises when a borrower defaults on the loan payment agreement. A financial institution whose borrower defaults on their payment may face cash flow problems, which eventually affects its liquidity position. Ultimately, this negatively impacts on the profitability and capital through extra specific provisions for bad debts (Bou, 2002) the quality of loan portfolio determines the profitability of banks. The highest risk facing a bank is the losses derived from delinquent loans (Dang, 2011). Thus, nonperforming loan ratios are the best proxies for Asset quality. It is the major concern of all commercial banks to keep the amount of nonperforming loans to low level. This is so because high NPLs affect the profitability of the bank (Sangmi & Nazir, 2010). Thus, low NPLs to total loans shows that the good health of the portfolio a bank. The lower the ratio the better the bank performing.

2.2 Empirical Literature

2.2.1 The Effect of Technical Feasibility on Performance of Credit Product at Bank

The study conducted by Yusof (2017) in South East Asia about effect technical feasibility on the performance of credit product. The study objectives were to determine the influence technical feasibility on the performance of project, the impact project outcomes on the credit performance in financial banks. The research adopted descriptive and case study research design, while the population of 528 was considered to get sample size of 289 using stratified sampling technique. The questionnaires were used to collect primary and documentary review to get secondary data.

The findings indicated that technical feasibility help project managers to ensure the employees are capable to implement project activities at satisfactory at 82% while 35% strongly agreed and 48% agreed that project technical feasibility facilitates project managers to produce the needed product which profitable for business organization. The study concluded that technical feasibility improves capabilities as well as ensuring the availability of resources to make project success. Furthermore, the banks provide the credit to the project implementors showing successful of project technical. The study advised both project owners and lenders to study well applicability project to ensure the success of project.

Omondi and Muturi (2020), examined the contribution project technical feasibility on project owners to get loans in Malawi. The objective was to find out whether bank evaluate applicability of project, capabilities of project implementors and intended outcomes project delivered in society to provide credit to the project owners. The research used quantitative and qualitative design to get the sufficient information. The sample size was 130 participants selected using stratified random sampling. The questionnaires and interview guide were used to collect necessary information requires to achieve on the study objective. The findings showed that employees capabilities to implement project motivates bank to provide credit at 78% whereas 69% indicated that technical

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feasibility improves ability to identify the needed resources and profitable products. The study concluded that technical feasibility provides sufficient information about performance and sustainability of project. In recommendation, ignoring project technical feasibility affect negatively performance of project as well as inability borrowers to repay loans.

2.2.2 The Effect of Project Financial Viability on Performance Credit Product at Bank

Pignanelli and Csillag (2018) analyzed the contribution project financial viability on the performance of loans in commercial banks of Ghana. Objective of the study was to establish role of project owners to repay the loans on the financial performance of bank, to identify the effect project profitability on the performance of financial in commercial banks. To assess the causes of non-performing loans in commercial bank. The study applied descriptive research design. The sample of 76 respondents were drawn using field survey while data was collected using self-administrated questionnaire. The Data was analyzed using Social Packages Statistical Science version 2016 through Frequency, Percentages, Mean, Standard Deviation and Coefficient Correlation. The Likert Scale was used to answer the questionnaires. The results were tested using the following aspects profitability of project, practicability of project, payback period and net present value. The findings showed that majority of respondents at 46% strongly agreed and 48% agreed that ability of project to get profit influence project implementors to repay the loans, while poor project risk assessment leads to inability of repaying credit at 71%. The study concluded that project financial viability plays significance contribution to the performance of credit due to project owners enable to pay credit on time. In recommendation, project owners should make effective feasibility to ensure the profitability of project outcomes.

A study was conducted by Esendi (2013) to assess the effects of credit risk management on loan portfolio among SACCOs in Kenya. Descriptive research design was used with a target population of 106 licensed SACCOs from which a sample of 35 SACCOs was identified from Nairobi County. The study used both primary and secondary data; primary data was obtained through questionnaires and secondary data from reports. Data collected was analyzed using descriptive statistics and regression analysis. Results indicate that formulation of the credit policy is largely done by members of the organization and regulation with moderate involvement of employees and the directors. The existing credit policy of the Sacco is the primary document upon which formulation of new credit policy is based, trends of creditors and overhead costs are also taken into account in the process of formulation. Findings further show that CAMEL rating system plays a central role in the assessment of the soundness of SACCOs.

2.2.3 The effect of client's credit rating on performance of credit product at Bank

Saunders and Cornett (2016) examine the effect credit rating on the performance non-performing loans in Turkey with a case study of construction project. The study used descriptive and case study design; the sample size was 63 respondents obtained using purposive sampling techniques. The data was analyzed using quantitative and qualitative method. They discussed the results of a questionnaire survey conducted within the construction project. The findings showed that high interest rate is the challenge to the performance of credit at 58% due to debtors failed to repay the loans on time. Furthermore, they added that type of security provided by borrowers decrease non-performing loan at 47%. The study concluded that affordable interest rate and flexibility to pay loans increase the number of clients take the loans in construction project. The study recommended bankers to provide adequate information during providing loans to the borrowers.

Esendi (2013) conducted a study to evaluate the impact of credit risk management on the loan portfolio of Kenyan SACCOs. A sample of 35 licensed SACCOs was chosen from Nairobi County's target population of 106 SACCOs using a descriptive study design. The study used both primary and secondary data; the primary data came from questionnaires, and the secondary data came from reports. The collected data was analyzed using regression analysis and descriptive statistics.

Wanjiram (2010) studied the relationship between non- performing loans management practices and financial performance of commercial banks in Kenya. The study concluded that there is a need for commercial banks to adopt non-performing loans management practices. Such practices include ensuring sufficient collaterals, limiting lending to various kinds of businesses, loan securitization, ensuring clear assessment framework of lending facilities and use of procedures in solving on problematic loans among others. The study further concluded that there was a positive relationship between non- performing loans management practices and the financial performance of commercial banks in Kenya which implies that the adoption of non- performing loans management practices leads to improved financial performance of commercial banks in Kenya.

3.0 Methodology

The study examined the role of project risk assessment on performance of credit products at the Bank of Africa in Rwanda. This study applied descriptive design to get results related to the study, the target population as well sample size was 72 respondents. Researcher utilized census as sampling technique. The source of data was primary and secondary methods. Questionnaires were adopted to collect primary data and documentary review applied for collecting secondary data. The data was obtained using descriptive statistical analysis with use of frequency, percentage, mean and standard deviation, and inferential statistics by the use of Pearson correlation (r) and multiple linear regression analysis through Social Packages and Statistical Science version 23.

4.0 Findings and Discussions

Research findings collected from Bank of Africa. The presentation was done basing on the objectives of the study objectives.

Effect of Technical Feasibility on Performance of Credit Product at Bank of Africa

This section reveals the effect of technical feasibility on performance of credit product at Bank of Africa, responses were analyzed using Likert scale ranging from Strongly Disagreed to strongly Agreed trough percentages, mean and standard deviations were also provided.

Table 1: Technical Feasibility and Performance

Responses	SA	A	D	SD	Mean	St. Dev
Employee capacity to implement project influences performance of credit products at Bank of Africa	29.8	50.9	14.0	5.3	3.05	.81
Implementation capacity for project team improve performance of credit products at Bank of Africa	26.3	54.4	15.8	3.5	3.03	.75
Sufficient technical requirements lead to effective performance of credit products at Bank of Africa	22.8	52.6	21.1	3.5	2.94	.76
Availability of resources required to implement project enhances performance of credit at Bank of Africa	24.6	49.1	24.6	1.8	2.96	.75
Project viability reduces non-performing credit products at Bank of Africa	17.5	59.6	15.8	7.0	2.87	.78

Source: Primary Data (2023)

Table 1 presents the impact of technical feasibility on the performance of credit products at Bank of Africa. The results indicate that factors related to technical feasibility play a significant role in influencing credit product performance. For instance, a majority of respondents (50.9% agreed, and 29.8% strongly agreed) believed that employee capacity to implement the project has a positive effect on credit product performance. However, a smaller percentage (14.0% disagreed, and 5.3% strongly disagreed) did not share this view. The average response for this aspect was 3.05, with a standard deviation of 0.81. The research also examined the influence of project team implementation capacity on credit product performance. A majority of respondents (54.4% agreed, and 26.3% strongly agreed) believed that it positively affects performance. Some respondents (15.8% disagreed, and 3.5% strongly disagreed), however, did not agree. The average response for this aspect was 3.03, with a slightly different standard deviation of 0.75. Regarding the impact of sufficient technical requirements on credit product performance, 22.8% strongly agreed, and 52.6% agreed that it leads to effective performance. On the other hand, 21.1% disagreed, and 3.5% strongly disagreed. The average response for this aspect was 2.94, with a standard deviation of 0.76. The research also explored whether the availability of resources required to implement the project enhances credit performance.

Here, 24.6% strongly agreed, and 49.1% agreed with this statement, while 24.6% disagreed, and 1.8% strongly disagreed. The average response for this aspect was 2.96, with a standard deviation of 0.75. Lastly, the research examined whether project viability reduces non-performing credit products at Bank of Africa. The majority of respondents (59.6% agreed, and 17.5% strongly agreed) believed that it does, while 15.8% disagreed, and 7.0% strongly disagreed. The study's findings align with prior research conducted by Yusof (2017) which also examined the impact of technical feasibility on the performance of credit products. The study concluded that technical feasibility is instrumental in enhancing capabilities and ensuring the availability of resources necessary for project success. Effective technical analysis by project managers plays a significant

role in project success by addressing risks and challenges and planning the necessary measures to achieve the desired results. Technical feasibility enables project managers and implementors to adequately plan the required resources for project success. It's crucial for banks to perform technical feasibility before launching products to ensure they function effectively and meet customer needs. Ensuring sufficient technical requirements is essential for tracking and addressing uncertainties in the project, preventing deviations from the project's intended goals.

The effect of project financial viability on performance of credit product at Bank of Africa

This section emphasizes on the effect of project financial viability on performance of credit product at Bank of Africa, the researcher asked this question to assess the extent to which project financial viability influences the performance of credit product at Bank of Africa.

Table 2: Project Financial Viability and Performance

Responses	SA	A	D	SD	Mean	St. Dev
Profitability of project facilitates project owner to repay credits	31.6	49.1	15.8	3.5	3.08	.78
Payback period encourages Bank of Africa to provide credit products for project owners	28.1	45.6	17.5	8.8	2.92	.90
Annual cash flow is considered by bank of Africa to offer loan for project owner	29.8	43.9	21.1	5.3	2.98	.85
Bank of Africa realizes amount of net present value to offer credit products to project owner.	31.6	47.4	19.3	1.8	3.08	.76
Internal rate of return generated by project encourage bank to offer loan	35.1	42.1	15.8	7.0	3.05	.89

Source: primary data (2023)

Table 2 presents the impact of project financial viability on the performance of credit products at Bank of Africa. The results indicate that profitability of a project plays a significant role in facilitating project owners' ability to repay credits, with 31.6% strongly agreeing and 49.1% agreeing with this statement. The average response for this aspect was 3.08, with a standard deviation of 0.78. However, there were also respondents (15.8% disagreed, and 3.5% strongly disagreed) who did not share this view. The research also explored whether the payback period encourages Bank of Africa to provide credit products to project owners. A significant proportion of respondents (28.1% strongly agreed, and 45.6% agreed) believed that it does, with an average response of 2.92 and a standard deviation of 0.90. However, there were also respondents (17.5% disagreed, and 8.8% strongly disagreed) who disagreed with this statement.

In addition, the study examined whether the annual cash flow is considered by Bank of Africa when offering loans to project owners. The majority of respondents (29.8% strongly agreed, and 43.9% agreed) believed that it is a consideration, with an average response of 2.98 and a standard deviation of 0.85. Some respondents (21.1% disagreed, and 5.3% strongly disagreed) did not agree with this statement. The findings also suggested that Bank of Africa takes into account the net present value when offering credit products to project owners. A significant portion of respondents (31.6% strongly agreed, and 47.4% agreed) believed this to be the case, with an average response

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of 3.08 and a standard deviation of 0.76. However, some respondents (19.3% disagreed, and 1.8% strongly disagreed) did not agree with this statement. Finally, the research explored whether the internal rate of return generated by a project encourages the bank to offer loans. A considerable number of respondents (35.1% strongly agreed, and 42.1% agreed) believed that it does, with an average response of 3.05 and a standard deviation of 0.89. There were also respondents (15.8% disagreed, and 7.0% strongly disagreed) who did not agree with this statement.

The study's findings align with a prior study by Pignanelli and Csillag (2018), which examined the impact of project financial viability on the performance of loans in commercial banks in Ghana. This study also concluded that project financial viability significantly contributes to the performance of credit products, as it enables project owners to repay their loans on time. Project owners and managers assess the time it takes for their investments to generate returns and ensure the profitability of their products, which helps prevent resource mismanagement. Banks offer credit products to beneficiaries to boost their own performance and expand their market share.

The Effect of Client's Credit Rating on Performance of Credit Product at Bank of Africa

This subsection shows the information related to the effect of client's credit rating on performance of credit product at Bank of Africa. It focuses on the various ways networking contributes to the performance of project. The findings were analysed using percentage, mean and standard deviation.

Table 3: Client's Credit Rating and Performance

Responses	SA	A	D	SD	Mean	St. Dev
Amount of loan needed by project owner motivates bank to provide credit products	28.1	49.1	15.8	7.0	2.98	.85
Types of security provided reduces inability of project owner to prepay credits	29.8	54.4	10.5	5.3	3.08	.78
Payment method raise ability to pay credit for project owner	22.8	47.4	19.3	10.5	2.82	.90
Ability of client to repay reduces non-performing credits	24.6	50.9	21.1	3.5	2.96	.77
Affordable annual interest rate improves performance of credits products.	26.3	52.6	14.0	7.0	2.98	.83

Source: Primary data (2023)

Table 3 presents the findings regarding the influence of the client's credit rating on the performance of credit products at Bank of Africa. The study sought to understand various factors related to client credit ratings and their impact on credit product performance. Firstly, the study examined whether the amount of loan needed by project owners motivates the bank to provide credit products. A substantial percentage of respondents (28.1% strongly agreed, and 49.1% agreed) believed that this was the case. The average response for this aspect was 2.98, with a standard deviation of 0.85. However, there were respondents (15.8% disagreed, and 7.0% strongly disagreed) who did not agree with this statement. The research also looked into whether the types of security provided reduce the inability of project owners to repay their credits. A significant portion of respondents (29.8% strongly agreed, and 54.4% agreed) believed that this is the case,

with an average response of 3.08 and a standard deviation of 0.78. Some respondents (10.5% disagreed, and 5.3% strongly disagreed) did not agree with this statement.

The study also considered whether the payment method raised the ability of project owners to pay their credits. A notable percentage of respondents (22.8% strongly agreed, and 47.4% agreed) believed that it did, with an average response of 2.82 and a standard deviation of 0.90. However, there were respondents (19.3% disagreed, and 10.5% strongly disagreed) who did not agree with this statement. Furthermore, the research explored whether the ability of the client to repay reduced the incidence of non-performing credits. A considerable number of respondents (24.6% strongly agreed, and 50.9% agreed) believed that it did, with an average response of 2.96 and a standard deviation of 0.77. However, some respondents (21.1% disagreed, and 3.5% strongly disagreed) did not agree with this statement. Lastly, the researcher inquired about whether an affordable annual interest rate improved the performance of credit products. A significant percentage of respondents (26.3% strongly agreed, and 52.6% agreed) believed that it did, with an average response of 2.98 and a standard deviation of 0.83. However, there were respondents (14.0% disagreed, and 7.0% strongly disagreed) who did not agree with this statement.

The results were in line with research done in 2016 by Saunders and Cornett on how non-performing loans performed in relation to credit rating. The study came to the conclusion that more customers take out loans for construction projects when the interest rate is reasonable and there is payment flexibility. Customers are encouraged to apply for loans from financial institutions because they offer credit at reasonable rates, which improves the performance of credit products in banks. In addition, banks evaluate customers' capacity to repay loans in order to guarantee that newly introduced credit products will be properly adjusted.

5.0 Conclusion

Based on the findings from this study, it is a clear indication that the role of project risk assessment on performance of credit products in banks more particularly, the Bank of Africa in Rwanda benefits highly to the performance of credit products. Project risk assessment contributes highly to the performance of credit products through technical feasibility, project financial viability, and the client’s credit rating. The study concluded that technical feasibility influences the performance of credit products at Bank of Africa in significant ways through employee capacity to implement the project; having sufficient technical requirements enhances the performance of credit products. Furthermore, the study concluded that project financial viability contributes to the performance of credit products at Bank of Africa in various ways, such as profitability, which is key to helping the project owner repay the credits, and appropriate payback influences the ability of borrowers to pay the credits. Financial viability is determined at a satisfactory level for the performance of credit products. Also, the study concluded that the client’s credit rating plays a great role in the performance of credit products. Payment methods raise the ability to pay credit for the project owner, and the ability of the client to repay reduces non-performing credits. As the overall conclusion, the research concluded that project risk assessment in consideration of three main elements, including technical feasibility, project financial viability, and the client’s credit rating, contributes significantly to the performance of credit products.

6.0 Recommendations

The recommendations were formulated basing on the research findings and conclusions as follows:

The findings showed that respondents affirmed that payment method raises ability to pay credit for project owner. Hence research recommended that payment method should be flexible to secure ability of borrowers to repay the credits. Project risk assessment contributes to the performance of credit products through various perspectives. However, client credit rating has low scored in relation to other variables. Therefore, research recommended project implementors to improve the client credit rating to enhance performance of credit products due to appropriate interest rate facilitates performance of credit products.

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