CREDIT MANAGEMENT PRACTICES AND LOAN PERFORMANCE OF EQUITY BANK IN THIKA TOWN, KENYA

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A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS IN PARTIAL FULLFILMENT OF THE REQUIREMENT FOR THE AWARD OF DEGREE IN BACHELOR OF COMMERCE (CREDIT MANAGEMENT) AT

GRETSA UNIVERSITY

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DECLARATION

DECLARATION

This research project proposal is my original work and has not been presented for award of a degree or for any similar purpose in any other institutions:

Signature…………………………………………Date 06/12/2024.

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This research project has been submitted with my approval as the university supervisor:

Signature……………………………………… Date 6/12/24

GIBSON NGARI

SCHOOL OF BUSINESS

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DEDICATION

I dedicate this report to my parents for the guidance they give me during my life time. I also dedicate to my sisters for their support, care and love they have showed during my course of my studies. I cannot forget to dedicate to my brothers and friends at Gretsa University for their moral support.

ACKNOWLEDGEMENTS

My special thanks to the Almighty God the provider of knowledge and wisdom for seeing me through my studies. I wish to express my sincere gratitude to my supervisor who is very supportive from the word go. Finally to my family thank you for your prayers and encouragement, also for your sacrifices and support .Thank you and may God bless you abundantly. I also wish to acknowledge anybody who could have facilitated this work in any other way. Thank you all for the help accorded.

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ACRONYMS AND ABBREVIATIONS

AMFI:	Association of Microfinance Institutions
ASCAs:	Accumulating Savings and Credit Associations
CBK:	Central Bank of Kenya
CMP:	Credit Management Practices
KCB:	Kenya Commercial Bank
KPIs:	Key Performance Indicators
MFIs:	Microfinance Institutions
MTP:	Modern Portfolio Theory
NPLs:	Non-Performing Loans
ROSCAs:	Rotating Savings and Credit Associations
SACCOs:	Savings and Credit Cooperatives
SMEs:	Small and Medium Enterprises

TERMS AND DEFINITIONS

Client Appraisal: This is the process used by an institution to assess the value of the borrower in terms of economic viability by use of character, capacity, capital, collateral, and conditions (Aliija & Muhangi, 2017).

Credit policy: This is an institutional technique for analyzing credit demands and its criteria on decision for rejecting or accepting applications (Gatuhu, 2013).

credit monitoring: This is a process or procedure used to reduce the likelihood of a borrower to fail in honoring obligations as per the agreed terms and conditions (Hossain, Yang & Su, 2018).

Credit Term: It is a contractual agreement in which a company gives credit to consumers, as well as the credit duration and limit (Chi-Man & Su, 2015).

Loan: This refers to the money lent to another party in return for the amount of loan value, plus interest or other finance costs, to be repaid in the future (Rukundo, 2018).

Performance: This refers to the measure of the EQUITY BANK THIKA BRANCH's efficacy, performance, and environmental responsibility as measured by normal or prescribed indicators such as cycle time, productivity, and regulatory enforcement (Omar & Samantar, 2018).

Self Help Group (EQUITY BANK THIKA BRANCH): This is informal association of 15 to 20 individuals, mostly, from poorer part of village community; whereby they are founded on unity, reciprocity, mutual interest, and resource pooling and are organized, owned, managed, and regulated by the members (Ayodele & Alabi, 2014).

ABSTRACT

The study aimed at investigating credit management contribution towards loan performance of Equity bank Kenya Thika branch. The findings of this study are of great use to a lot of people and organizations that interact with any financial bodies. This is because as much as the study is on Equity bank; the findings can be generalized to any other financial body in the county. The study can help them to well understand and maintain an acceptable level between high profit and low profit at a given time thus leading them to attain the various organization goals and objectives this G be useful to all players of various financial bodies. The conceptual frame work is made up of variables such as: client appraisal, debt collection and credit monitoring and the dependent variable is loan performance of Equity bank, Thika branch. Previous literature review materials have been used to relate the loan performance of Equity bank Thika branch. The research methodologies entail the research design, the target population, sampling size, operational variables, and validity of measure, data collection, data analysis, discussion and conclusion. In the research design the descriptive survey design has been used in determining the sample size. A random sampling was applied since the numbers are relatively manageable. Primary data was collected using questionnaires and analyzed using both descriptive and inferential statistics. This study concludes that have positive as well as significant impact on loan performance of Equity bank in Kenya. Findings revealed that loan size, fees and interest rate, collateral requirements, repayment schedule, education of the clients prior to a loan, penalties information and consultation of the customer influences loan performance of Equity Bank Thika branch in Kenya. This means that improvement in improves loan performance of Equity Bank Thika branch in Kenya.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Credit plays a vital part in the economic growth and develop of country, roles can be categorized in two ways that credit plays: it enables transfer of funds to where it is effectively used secondly, economizing of the currency since credit presumes a multiplier effect on the volume of coin in circulation, Nwanna, Ogeuze (2017). Even the most developed countries still cannot ignore the role credit plays in any economy. Most growing countries around the world have different strategies that aim at having well organized and monitored credit systems that ensure credit facilities are well looked at Moore, (2018)

Banks and other financial bodies are basically the hearts of many economies in the world. With the services that they provide including credit facilities, they always play a very big role in the economy of a country. They play a key role in generating loans that can be used as financing funds to individuals and business ventures. According to a report, world bank, (2020) there has been more business running on credit funds compared to any other source of capital funding businesses. The significance of the banking industry in providing credit to its customers can never be underestimated Koffen, (2016). Much of the commercial banks revenues come from the loans they give to their customers. This shows how important credit management is to the banking industry.

Credit management refers to a set of processes and methods that a firm uses to ensure that it maintains a healthy level of credit and efficiently controls it without causing any harmful financial effects to the firm Myers & Brealey, (2016). Credit financial management includes credit research, credit rating, credit classification, and credit reporting. According to Nelson (2011), credit management is fundamentally how a corporation manages its credit. Efficient management on customer credit limits is a critical necessity for good credit management. Credit companies require more knowledge into costumer financial strength, credit score history, and shifting payment behaviors to reduce their exposure to bad debt, over-reserving, and bankruptcy. Credit management is primarily concerned with debtor management and debt finance.

Credit management is a process that starts when a sale is closed and ends when the final payment is received (Aduda & Gitonga, 2011). It is as essential as part of the deal as closing the sale. A sale is technically not a sale until the money has been collected (Diagne & Zeller, 2011). Credit management is one of the most important aspects of any business (Gatuhu, 2013). Regardless of the firms nature, credit management remains an important aspect to any credit dealing firm. Lack of effective credit management policies creates havoc the banking industry, Scheufler (2002) as inability to notice prospective frauds, under evaluation of potential frauds, and under evaluation of potential frauds summarizes these problems.

Giving loans to customers is among commercial banks strategies in raising their funds as well as their profits levels Mugo, (2018). In the study Mugo further refers that without credit facilities, many banks would have been forced out of business. However, as much as loans give banks more profits, they can be a serious setback to banks if they are not well structured and monitored. If individual or entity owing money to the banks fail to repay on time, the result is a continuous loss to the banks Mugo, (2018).

In the modern environment of intense competitive pressures, volatile economic conditions, rising default rates, and increasing levels of consumer and commercial debt, an organization's ability to effectively monitor and manage its credit could mean the difference between success and survival Aduda & Gitonga, (2016). The past decade has seen commercial banks that had been performing well suddenly announce large losses due to credit exposures that turned sour, interest rate positions are taken, or derivative exposures that may or may not have been assumed to hedge balance sheet risk Omondi, (2014). As a result, commercial banks have upgraded the credit management systems. Due to the nature of their operation, banks are exposed to debtors defaulting. Commercial banks can be cushioned by prudent credit evaluation and the implementation of suitable provisions for bad and doubtful debts (Durge, 2011).

Because commercial banks continue to be a significant and rising enterprise that facilitates economic growth, worldwide trade, international investment, and tourism, it remains crucial to globalization occurring in many other industries Mulaku & Anwar, (2014). As a result, commercial banks have acknowledged the necessity for drastic transformation to survive and succeed in this sector.

Every commercial bank primary goal is to operate profitably to retain financial stability and improve growth and expansion. Accordingly, banks performance in three primary categories, according to the banks association press release.

Credit management is one of the most important aspects of any business Gatuhu, (2016). Regardless of the firm's nature, credit management remains an important aspect to any credit dealing firm. Lack of effective credit management policies creates havoc the banking industry, Scheufler (2018) as inability to notice prospective frauds, under evaluation of potential frauds, and under evaluation of potential frauds summarizes these problems.

When there is efficiency in credit management, then banks can eventually improve on their profitability wellbeing by making sure the credits given to customers are paid back in time and raising funds level in case of any liquidity problems (Zahmet, 2018). Financial wellbeing refers to the firm's ability to take care of any financial obligations when they fall due. Banks like any other business entities therefore, need to make sure they have proper credit control so as to sustain themselves in the market and for rapid development. If customers are given loans that are not well regulated then there is a possibility that, in time, the customer may default paying back and this has an impact on the financial performance of the bank or even be forced to liquidate due to poor debt collection policies. Proper credit management assists in advancing the bank's financial wellbeing.

A huge number of banks have embraced various credit management instruments as an important tool in financial wellbeing Kamakech (2017). However, due to a poor or limited proper management skills, poor credit management skills, credit debts led to poor performance by many financial institutions and resulted to reduced profits levels. This research can help us determine how these credit management instruments can be properly applied to improve the financial wellbeing of these banks and other financial institutions.

The recent focus on credit management stems from a perception among academics and policymakers that commercial banks without appropriate credit management mechanisms risk incurring significant losses. As Nzotta (2012) points out, credit management has a significant impact on a company's success or failure.

1.2 Statement of the Problem

Credit management refers to a set of processes and methods that a firm uses to ensure that it maintains a healthy level of credit and efficiently controls it (Myers & Brealey, 2016). Credit management includes credit collection, credit monitoring, client appraisal and credit reporting. According to Nelson (2011), credit management is fundamentally how a corporation manages its credit. Efficient management on customer credit limits is a critical necessity for good credit management. Banks require more knowledge into costumer financial strength, credit score history, and shifting payment behaviors to reduce their exposure to bad debt, over-reserving, and bankruptcy. Credit management is primarily concerned with debtor management and debt finance. Credit management is a process that starts when a sale is closed and ends when the final payment is received (Aduda & Gitonga, 2011). It is as essential as part of the deal is closing the sale.

To limit credit risk, critical assessment on clients is eminent to fathom their ability to repay. Banks use the 5Cs model of credit to evaluate a customer as a potential borrower (Abedi, 2000). This model of assessment help banks to increase loan performance, as they get to know their customers better. These 5Cs of credit management are character, capacity, collateral, capital, and condition. Character refers to the trustworthiness and integrity of the business owners since it is an indication of the applicant's Willingness to repay and ability to run the enterprise. Capacity assesses whether the cash flow of the business or household can service loan repayments. Capital refers to the assets and liabilities of the business or household. Collateral refers to access to an asset that the applicant is Willing to cede in case of non-payment or a guarantee by a respected person to repay a loan in default. Finally, conditions refer to a business plan that considers the level of competition and the market for the product or services as well as the legal and economic environment. The 5Cs need to be included in the credit-scoring model. Due to a lack of ability and means to repay the loans, many loan applications fail. Loan utilization is important, as evidenced by a business plan, is critical.

1.3 Purpose of the Study

The purpose of the study is to investigate the effect of credit management practices on loan performance of Equity bank in Thika town, Kenya. The results are useful to business managers, investors and owners.

1.4 Conceptual frame work

Independent variables **Dependent variable**

Client appraisal
- Ability to pay.

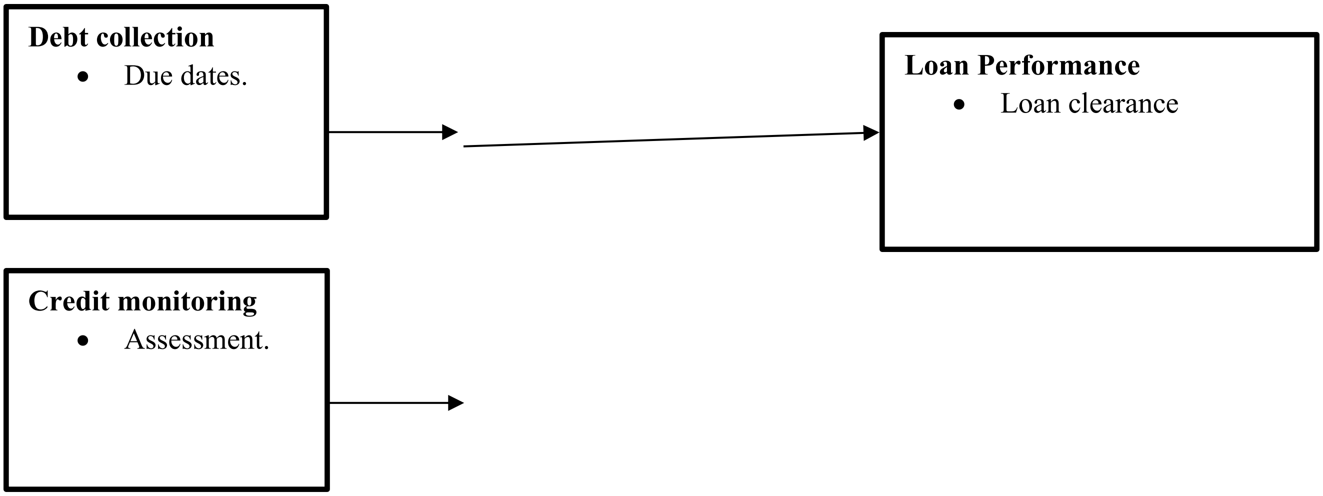


Figure 1: Conceptual Framework

1.5 Objectives of the study

1.5.1 General objective

The general objective is to investigate the effect of credit management practices on loan performance of Equity bank in Thika town, Kenya

1.5.2 Specific objectives

The study is based on the following specific objectives.

i). To establish the effect of client appraisal practice on loan performance of Equity bank in Thika town, Kenya

ii). To determine the effect of debt collection practice on loan performance of Equity bank in Thika town, Kenya

iii). To establish the effect of credit monitoring practice on loan performance of Equity bank in Thika town, Kenya

1.6 Research questions

i). What are the effects of client appraisal on loan performance of Equity bank in Thika town, Kenya?s

ii). What are the effects of debt collection on loan performance of Equity bank in Thika town, Kenya?

iii). What are the effects of credit monitoring on loan performance of Equity bank in Thika town, Kenya?

1.7 Significance of the study

Future researchers and scholars can use the varied material gathered and analyzed in the study to conceptualize and verify the numerous patterns and new dynamic research fields that should be utilized in the final recommendation of additional research studies.

1.8 Scope of the Study

The study concentrated on the identified commercial bank, Equity in Thika town with the aim of investigating and understanding the impact of credit management on the performance of credit among commercial banks. The research area provided an adequate population and sample for the study and therefore gave reliable results and findings. The findings were generalized in the whole banking industry in the country because the industry practices are related.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter discussed the literature review of this study. The research discussed previous case study to show the relationship between the dependent and independent variables.

2.2 Client Appraisal and Loan Performance

Client appraisal is very vital in the entire process of credit management. Previous studies have shown that by doing a client appraisal, banks can get information on the customers capability to repay the loan as well as their credit rating. According to Zhao, (2017), some loan defaults could have been avoided if a proper client appraisal is carried out before giving out a loan to the customer. According to Nielsen, (2014), in many occasions client appraisal is a tool that loan giving firms can use to reduce the rate of default among its customers while it increases the rate of loan performance by ensuring that loans are well serviced and its a measure to reduce risks faced by such firms.

2.3 Debt Collection and Loan performance

Debt collection mainly involves putting up measures on how to recover loans given to customers when they fall due. According to Mazouni, (2018) having well put debt collection procedures of debt collection banks can recover a very high percentage of their loans given to their clients. Temtime, (2017) carried out research on the effectiveness of debt collection strategies on financial banks. The findings were that further credit-information sharing significantly helps to trace clients whose contacts are lost. Based on the findings, it can be inferred that debt collection procedure influences loan performance.

2.4 Credit Monitoring and Loan Performance

A study by Juma, in 2016 revealed that credit monitoring lowers the probability of loan defaulting a significant way. Hillson, (2017) ascertains that different monitoring strategies can be used in monitoring loans including loan securing, adequate training of loan officers, visiting clients to remind them to settle outstanding loans, and periodically reminding and informing their clients.

2.5 Theoretical Review.

2.5.1 Agency Theory

This idea was originally put forward by Berle and Meanes (2017). Agency theory contributes to debt management decision. It is a policy used to describe and solve problems in relationships between business principals and their agents. Especially between shareholders and their managers. (Fama and Jensen 2018), suggested that firms should separate or integrate decision-management and decision-control with residual risk sharing.

In this case, the benefits of lower agency costs and effective decision-making are greater than the reduced cost of sharing. Such decisions can be seen in debt management, reducing the risk involved in providing above the product turnover, so agency theory helped the researcher determine whether firms that introduce monitoring mechanisms on managers' action have a lower level of debt management

2.5.2 Operational Motives Theory

Emery (1937) focuses on commercial credit as an effective tool that addresses the uncertainty of product demand in company operating decisions. The operation motive predicts that firms with variable demand extend more credit than firms with stable demand. Emery (1984) sees trade credit as a short-term investment that is more profitable than market securities. The motive emphasizes the role of trade credit in meeting demand and reducing cash uncertainties in payments (Ferris 2019). For commercial purposes trade credit enhances product marketing by making firms to sell (Nadrri 1961). Trade credit can also be used to increase profits by discriminating prices (Brenman 1998). The theory was supported by Ravid, Malitz lung '(2017) who found that firms with variable demand offer longer credit periods than firms with a stable demand. Increased factory sales are also a factor that positively affects the overall demand for finances and particularly the credit shown. The theory is relevant to the research as it shows how firms use trade credit to maintain trading stability and increase sales in general and maintain their relationships with customers through trade credit.

2.5.3 Cash conversion cycle theory

Cash conversion cycle management is considered to be a key element in the management of operating funds (Gitman, 2017). It involves managing three parts namely inventory (stock) account receivables and accounts payable with a focus of balancing them. Effective Cash Conversion Cycle management provides managers with better controls and strong short-term investments that can affect risk profits as well as firm operations.

The Cash Conversion Cycle specifies the time when firms spend money on purchases and their cash receipts from product sales (Richards and Laughlin, 2016). As it shows how quickly the current currency is converted into cash, it measures the efficiency of effective cash management. When a company invests more than usual in any particular industry than is considered normal in any particular industry this leads to increased costs and reduced competition. This theory is applied to the study because it shows how effective cash conversion cycle management affects a company's profitability and its general financial impact.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter discloses the research methodologies used to carry out the study. It entails the research design, study area, target population, measurement of variables, research instruments, data collection techniques.

3.1 Research Design

A descriptive study consists of finding the what, where and how of a phenomenon. As per Valdez (2019), unmistakable examination intends to depict the information and attributes of a populace, the point of this investigation is to gather authentic, exact and orderly information that can be utilized in midpoints, frequencies and other comparative computations (Shona Mccombes,2019). The research used quantitative method to establish the relationship between the variables used.

3.2 Study area

The data is collected from equity bank within Thika town. Researcher chose the study area because it is placed strategically and due to the nature of compliance by the respondent, thus, facilitating conducive research study.

3.3 Target population.

The target population is the group of people or variables, which the researcher is interested in in order to draw conclusions and findings. The study targeted a population of 500 people whom have financial (credit) information; therefore, the researcher used random sampling, a 10% of the total population that was appropriate for the sample (Mugenda & Mugenda, 2008). The sample gave 50 people.

Table 2: samples table

Population	Sample size
Managers i.e Branch manager, Credit Manager, Risk Manager, Operation manager etc	5
Credit Officers	20
Sales Officers	25
Total	**50**

3.5 Research Instruments

Researcher used standardized questionnaire as data collection instrument. Self-administered questionnaires contained both open-ended and close-ended questions. In collection and classification of data required for this study, information gathered from various sources like published books, past researches, financial records, academic books and research tools was used.

3.6 Data Collection Techniques

The researcher made use of primary data. The primary data was obtained by use of a standardized questionnaire. In order to know the relevance of credit management and loan performance of Equity bank, Thika branch. Questionnaires were distributed to the head of credit department, finance director, and operations directors in the Equity bank. This enabled the researcher to get adequate and accurate information from people who have the main data collection instrument.

3.7 Data Analysis

The data collected was edited to make it ready and simpler for presentation. The edited data was analyzed using the descriptive and regression analysis. Multiple regression models was therefore used to analyze the data as shown below.

$Y = \alpha o + \beta 1\ x1 + \beta\ x2 + \beta 3\ x3$

Y- Loan performance (dependent variable)

X_1, X_2, and X_3 - Independent variables

X_1 - Client appraisal

X_2 - Debt collection

X_3 - Credit monitoring

B1 B2 B3 - coefficient of the independent variables

α – constant

3.8 Ethical consideration.

Before commencing, the researcher obtained permission from the appropriate authorities to avoid inconvenience and misunderstanding. The information given by the company was considered confidential and handled with care. It was ensured that the information was treated with utmost security and not altered by other persons.

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This section entails analysis of data, presentation and interpretation of study results as well as discussion in regard to the objective of the study. The general objective of the study was to assess the effect of credit management practices on loan performance in Equity bank in Kenya. Moreover, the specific objective of the study was to evaluate the influence of client appraisal, credit monitoring and debt collection on loan performance of Equity Bank Thika branch in Kenya. This chapter begins with the response rate, followed by demographic information, descriptive analysis of the three independent and dependent variable, and inferential statistics including correlation as well as regression analysis.

4.2 Response Rate

The study's sample size was 50 employees in Equity Bank Thika branch. The researcher disseminated 50 respondents were able to fill and return their questionnaires to the researcher. Therefore, the response rate of 100% was obtained. As stated by Bryman and Cramer (2012), response rate of 60% is acceptable for analysis and a response rate of 75 percent and above is excellent and can be used for analysis, making conclusions as well as making inferences regarding the study population. Moreover, the study used tables, bar graphs, and pie charts to show the findings.

4.3 Demographic Information

The respondents‟ demographic information included their gender, age, level of education, duration of service and the position they hold in their organization.

4.3.1 Gender of the Respondents

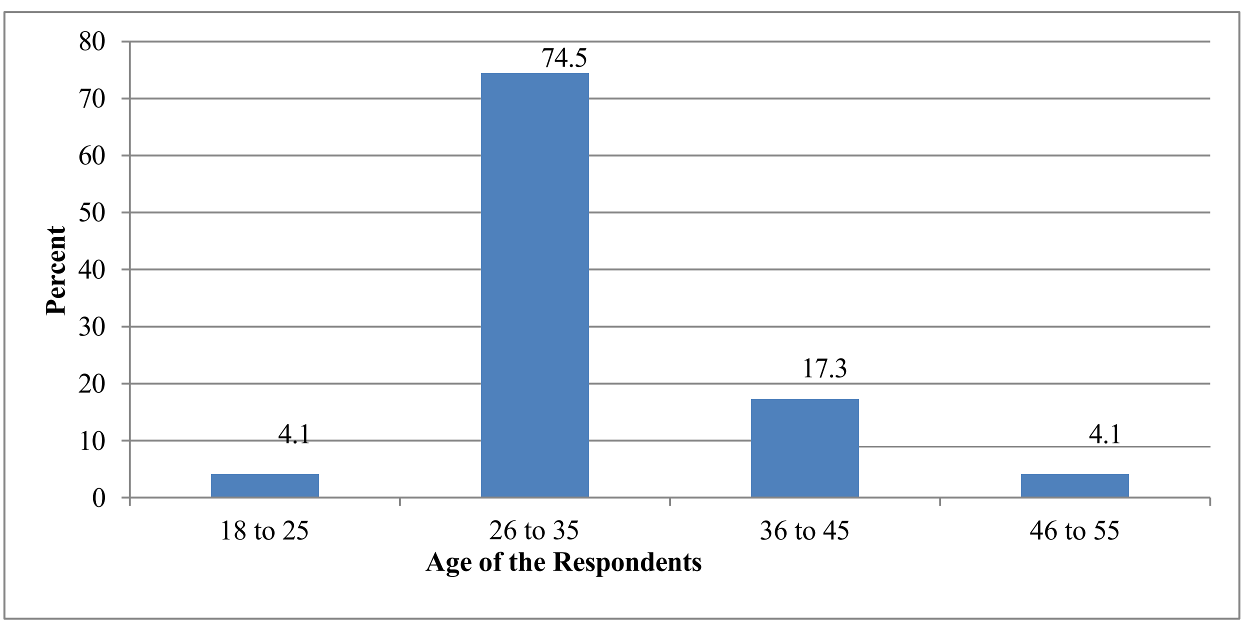
The respondents were requested to point out their age. According to the results, 64.3% of the respondents indicated that they were female and 35.7% indicated that they were male. This implies that most of the accountants in Catholic Equity Bank Thika branch are female. This shows that both genders were adequately represented in this study.

4.3.2 Age of the Respondents

The respondents were requested to point out their age bracket. Findings were as shown in Figure 2.

FIGURE 2

Age of the Respondents



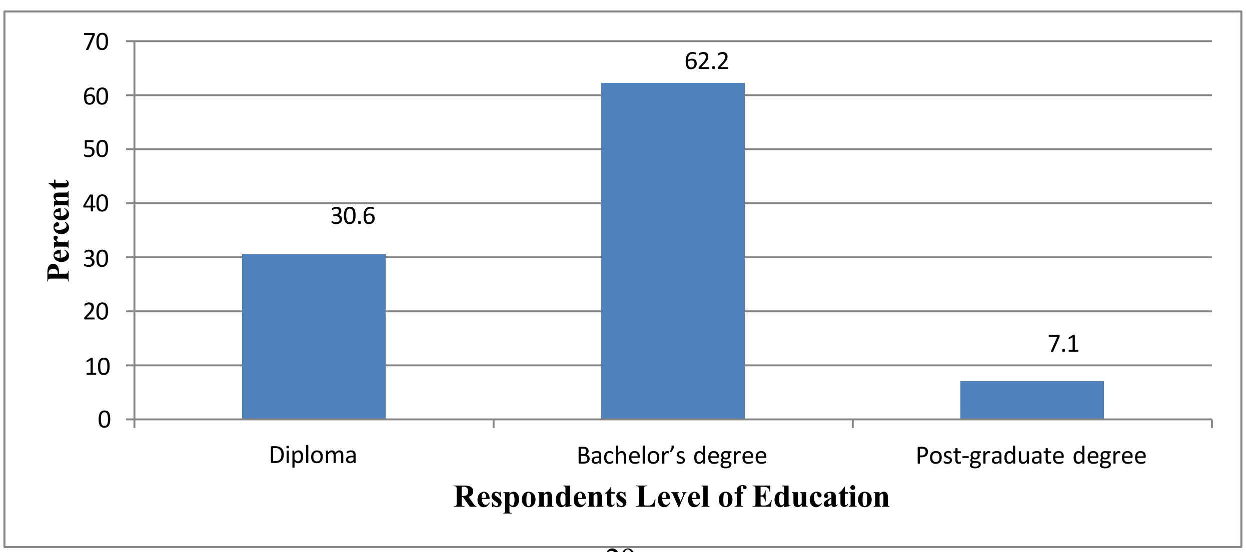
From the results, 74.5% of the respondents indicated that they were aged between 26 and 35 years, 17.3% pointed out between 36 and 45 years, 4.1 % pointed out between 18 and 25 years and the same percent indicated between 46 and 55 years. This implies that most of the respondents were aged between 26 years and 35 years.

4.3.3 Respondents' Level of Education

The respondents were required to specify their level of education. The study findings were as shown in Figure 4.2. According to the findings, 62.2% of the respondents indicated that they had bachelor‟s degree as their level of education, 30.6% pointed out diploma certificates while 7.1% pointed out post-graduate degree. This implies that most of the respondents had bachelor‟s degree as their level of education and therefore they were literate enough to provide substantial information on the effect of credit management practices on loan performance in Equity bank, Thika.

FIGURE 3

Respondents' Level of Education

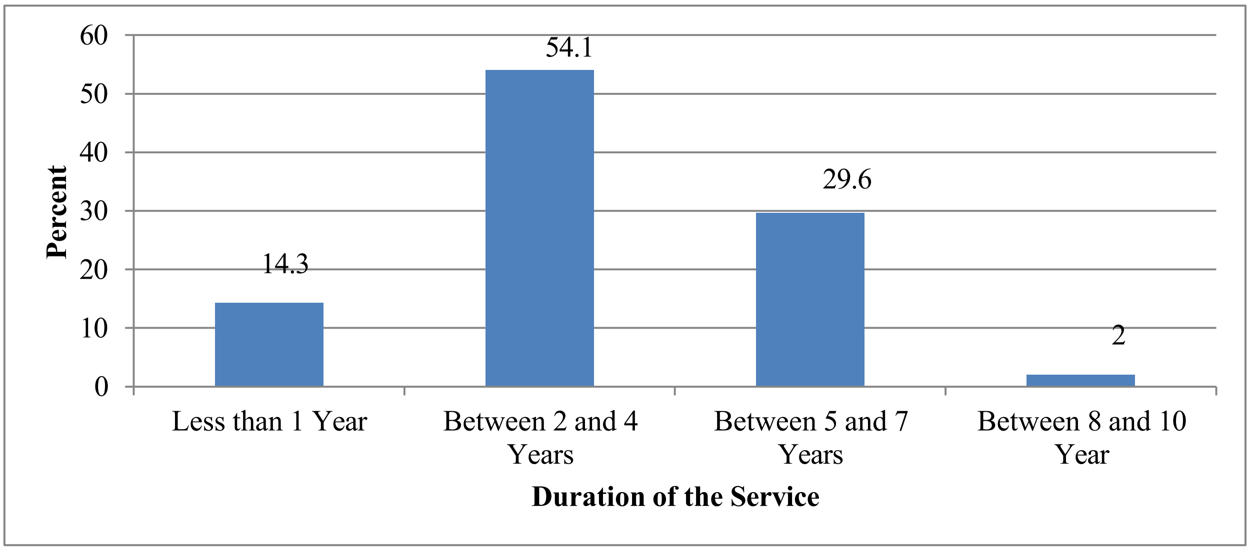


4.3.4 Duration of Service

The respondents were also requested to select the duration in which they had been in service. The findings were as depicted in Figure 4.

FIGURE 4

Duration of Service



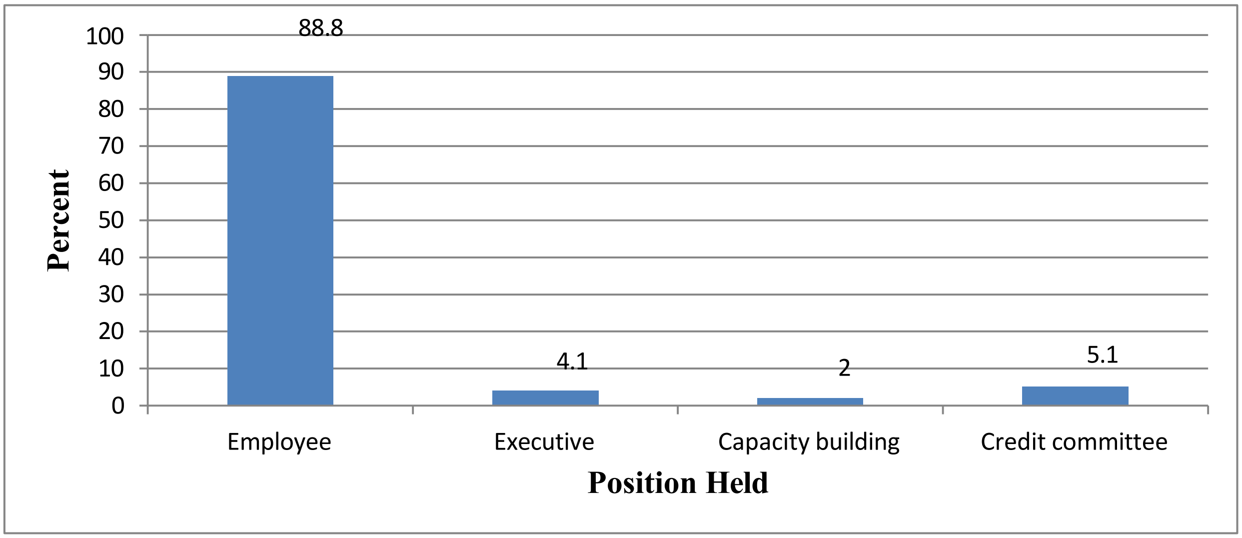
According to the findings, 54.1% of the respondent indicated that they had been in service for a between 2 year and 4 years, 29.6% indicated for between 5 years and 7 years , 14.3% indicated for less than 1 year while 2% pointed out for between 8 and 10 years. This implies that most of the respondents had been in service for duration of between 2 years and 4 years and hence they were experienced enough and had adequate knowledge on credit management practices and loan performance in equity bank in Kenya.

4.3.5 Position Held

The respondents were also requested to specify the position that they hold. The findings were as depicted in Figure 5.

FIGURE 5

Position Held



According to the results, the 88.8 % of the respondent indicated that they are employees, 5.1% indicated credit committee, 4.1% pointed out executive while 2% pointed out capacity building. This implies that most of the respondents were employees hence they had substantial information on credit management philosophy and loan default tendencies and also interact with customers on daily basis.

4.4 Descriptive Statistics

Quantitative data was obtained from the closed questions as well as items which were measured by using a 5-point Likert scale, where 1 represented strongly disagree, 2 represented disagree, 3 represented moderately agree,4 represented agree and 5 represented strongly agree. Creswell, (2014) suggest that in a 5 scale Likert questions, the interpretation of arithmetic mean, strongly agree (SA) is from 4.5 to 5.0, agree (A) is from 3.5 to 4.5, moderately agree is from 2.5 to 3.5, disagree is from 1.5 to 2.5 while strongly disagree is from 0.5 to 1.5. Statements with standard deviations below 1 imply concurrence around the means, while mean of above one imply variances in the mean.

4.4.1 Client Appraisal

The first objective of carrying out this study was to determine the influence of client appraisal on loan performance in Equity bank, Thika in Kenya. The respondents were requested to specify the extent to which they agreed with statements relating to client appraisal and loan performance in banks in Kenya. Results were as depicted in Table 2.

TABLE 2

Aspects of Client Appraisal

	1	2	3	4	5	Mean	Std. Deviation
Defined purpose for the credit	0.00	0.00	10.2	43.9	45.9	4.357	0.662
Availability of collateral	0.00	0.00	16.3	58.2	25.5	4.092	0.644
Repayment capacity or borrower	0.00	0.00	21.4	44.9	33.7	4.122	0.736
Ability of client to generate cash	0.00	0.00	15.3	58.2	26.5	4.112	0.640
Volume of annual cash flow	0.00	3.1	23.5	46.9	26.5	3.969	0.792
Peer monitoring	0.00	0.00	22.4	57.1	20.4	3.980	0.658
Rescheduling conditionality	21.4	24.5	25.5	22.4	6.1	2.674	0.717
Clients financial position	32.7	25.5	30.6	11.2	0.00	2.204	0.925
Conditions of the borrowers assets	16.3	37.8	39.8	6.1	0.00	2.357	0.828

According to the study findings, the respondents agreed with a mean of 4.357, std. dv of 0.662 that there was defined purpose for the credit. Further, with a mean of 4.122, std. dv of 0.736, the respondents agreed that repayment capacity or borrower had an effect on loan performance.

Moreover, the respondents agreed that availability of collateral had an effect on loan performance. This is shown by a mean of 4.092 and std. dv of 0.644. These findings are in line with Kagoyire and Shukla (2016) discoveries that availability of collateral is important in reducing loan defaults and improving loan performance.

As shown by a mean of 4.112 and std. dv of 0.640, the respondents agreed that the aability of the client to generate cash was assessed during client appraisal. These findings conform to Lungu and Phiri (2017) arguments that aability of the client to generate cash had a significant correlation effect on loan results in MFIs in Lusaka, Zambia. Furthermore, the respondents agreed with a mean of 3.980 and std. dv of 0.658 that the organization conducted peer monitoring. In addition, they agreed that volume of annual cash flow was assessed during client appraisal. This is shown by a mean of 3.969 and std. dv of 0.792.

With a mean of 2.674, std. dv of 0.717, the respondents were neutral that rescheduling conditionality was assessed during client appraisal. In addition, they disagreed with the statement that conditions of the borrowers assets was assessed during client appraisal as shown by a mean of 2.357, std. dv of 0.828. These findings are contrary with Kagoyire and Shukla (2016) findings that conditions of the borrowers assets are important in client appraisal. Furthermore, they disagreed with the statement indicating that clients‟ financial position was assessed during loan appraisal. This is shown by a mean of 2.204, std. dv of 0.925. All the statements had standard deviations below 1 which implies concurrence around the means.

4.4.2 Credit monitoring

The second objective was to establish the influence of credit monitoring on loan performance of Equity Bank Thika branch in Kenya. The respondents were requested to specify the extent to which they agreed with statements relating to credit monitoring and loan performance of Equity Bank, Thika branch in Kenya. Results were as depicted in Table 3.

TABLE 3

Aspects of credit monitoring

	1	2	3	4	5	Mean	Std. Deviation
Business location and client home	0.00	0.00	16.3	61.2	22.4	4.061	0.623
Information supplied accuracy	0.00	0.00	20.4	53.1	26.5	4.061	0.686
Client repayment capacity	0.00	0.00	21.4	58.2	20.4	3.990	0.650
Bank peer pressure to defaulting members to repay loan	0.00	2.0	8.2	54.1	35.7	4.235	0.686
Client Repayment segmentation	0.00	0.00	17.3	54.1	28.6	4.112	0.672
Joint liability	0.00	0.00	20.4	59.2	20.4	4.000	0.642
Credit History	0.00	4.1	8.2	41.8	45.9	4.296	0.789
Source of Income	0.00	0.00	19.4	48.0	32.7	4.133	0.713

According to the results, the respondents agreed that Equity Bank Thika branch exerts peer pressure to defaulting members to repay the loan. This is shown by a mean of 4.235, std. dv of 0.686. Moreover, they agreed with a mean of 4.061, std. dv of 0.686 that information supplied accuracy on clients is obtained. Further, with a mean of 4.061, std. dv of 0.623, the respondents agreed that information on the business location and client home is obtained. Moreover, they agreed that the organization obtains information on client repayment capacity. This is shown by a mean of 3.990, std. dv of 0.650. These findings concur with Kalu, Shieler and Amu (2018) arguments that client repayment capacity has a significant effect on MDI financial performance in

Uganda.

With a mean of 4.296 and std. dv of 0.789, the respondents agreed that the organization obtains information on the credit history of the clients. Moreover, they agreed that information on the clients‟ source of income is obtained. This is shown by a mean of 4.133 and std. dv of 0.713. These findings are in line with Kauna (2016) discoveries that clients‟ source of income influences the Kenyan commercial banks' financial performance. Furthermore, they agreed that information on client repayment segmentation is obtained as indicated by a mean of 4.112 and std. dv of 0.672. In addition, the respondents agreed with a mean of 4.000 and std. dv of 0.642 that the organization obtains information on clients‟ joint liability. All the statements had standard deviations below 1 which implies concurrence around the means.

4.4.3 Debt collection

The third objective of this study was to examine the influence of debt collection on loan performance of Equity Bank Thika branch in Kenya. The respondents were requested to specify the extent to which they agreed with statements regarding the influence of debt collection on loan performance of Equity Bank Thika branch in Kenya. Results were as depicted in Table 4.

TABLE 4

Aspects of Debt collection

	1	2	3	4	5	Mean	Std. Deviation
Business location and client home	0.00	0.00	27.6	45.9	26.5	3.990	0.739
Source of Income	0.00	0.00	18.4	51.0	30.6	4.122	0.693
Client repayment capacity	0.00	0.00	20.4	51.0	28.6	4.082	0.699

Bank peer pressure to defaulting members to repay loan	0.00	0.00	28.6	46.9	24.5	3.959	0.731
Client Repayment segmentation	0.00	0.00	24.5	51.0	24.5	4.000	0.703
Joint liability provision	0.00	0.00	39.8	45.9	14.3	3.745	0.693
Credit History	0.00	0.00	16.3	55.1	28.6	4.122	0.662
Accuracy/verification of information supplied	0.00	2.0	14.3	54.1	29.6	4.112	0.716

According to the findings, the respondents agreed with a mean of 4.122 and std. dv of 0.693 that the organization requires information on the clients‟ source of income. These findings concur with Chikamai and Mbithi (2018) findings that stable source of income has a significant effect on financial performance among SACCOs in Kakamega County. Moreover, they agreed that the organization obtains information on the clients‟ repayment capacity. This is shown by a mean of 4.082 and std. dv of 0.699. Moreover, the respondents agreed that the organization obtains information on the business location and client home as indicated by a mean of 3.990 and std. dv of 0.739. In addition, they agreed that the bank exerts peer pressure to defaulting members to repay the loan. This is shown by a mean of 3.959 and std. dv of 0.731.

With a mean of 4.122 and std. dv of 0.662, the respondents agreed that the organization obtains information on the credit history of the client. Moreover, they agreed that accuracy/verification of information supplied is obtained as shown by a mean of 4.112 and std. dv of 0.716. The respondents also agreed that the organization obtains information on the client repayment segmentation. This is shown by a mean of 4.000 (std. dv =0.703). Furthermore, they agreed with a mean of 3.745 (std. dv =0.693) that the organization obtains information on clients‟ joint liability provision. All the statements had standard deviations below 1 which implies concurrence around the means. These findings conform to Ayodele and Alabi (2014) arguments that prudent credit evaluation and disbursement, decisive actions and flexible credit management have all assisted the commercial banks in maintaining high asset quality and profitability.

4.4.4 Loan Performance of Equity Bank Thika branch in Kenya

The dependent variable in this study was loan performance. The respondents were required to rate the loan performance of Equity Bank Thika branch in Kenya. Results were as depicted in Table 5.

TABLE 5

Aspects of Loan Performance of Equity Bank Thika branch in Kenya

	1	2	3	4	5	Mean	Std. Dev.
Fully payment was made	19.4	32.7	29.6	14.3	4.1	2.510	.986
Loan repaid on schedule	13.3	23.5	26.5	30.6	6.1	2.929	0.751
There was high return on equity	0.00	2.0	27.6	50.0	20.4	3.888	0.745
Repayment rate was high	0.00	2.0	25.5	52.0	20.4	3.908	0.733
No bad debts (no loans were written off)	8.2	48.0	22.4	19.4	2.0	2.592	0.961
There was minimal loan recovery cost	0.00	0.00	22.4	53.1	24.5	4.020	0.688
Targeted beneficiary number was achieved	0.00	0.00	29.6	44.9	25.5	3.959	0.745

According to the results, the respondents agreed with a mean of 3.908 and std. dv of 0.733 that the repayment rate was high for all the loans that the group management lends out. Moreover, they agreed that there was high return on equity on all the loans that the group management lends out as shown by a mean of 3.888 and std. dv of 0.745. However, the respondents were neutral on the statement indicating that the loans were repaid on schedule. This is shown by a mean of 2.929 and std. dv of 0.751. Moreover, they were neutral that full payment was made for all the loans that the group management lends out as shown by a mean of 2.510 and std. dv of 0.986. With a mean of 4.020 and std. dv of 0.688, the respondents agreed that there was minimal loan recovery cost for all the loans that the group management lends out. Moreover, the respondents agreed that targeted beneficiary number was achieved. This is shown by a mean of 3.959 and std. dv of 0.745. However, with a mean of 2.592 std. dv of 0.961, the respondents were neutral on the statement indicating that there were no bad debts (no loans were written off). All the statements had standard deviations below 1 which implies concurrence around the means.

4.5 Inferential Statistics

This study used correlation analysis and multivariate regression analysis to assess the relationships between the independent variables (, client appraisal, credit monitoring and debt collection) and the dependent variable (loan performance of Equity Bank Thika branch in Kenya).

4.6.1 Correlation Analysis

Pearson correlation analysis was deployed in this study to evaluate the association between dependent (loan performance of Equity Bank Thika branch in Kenya) and independent study variables (client appraisal, credit monitoring and debt collection). Pearson correlation coefficients range between 0 and 1 where by positive correlation coefficients symbolizes a direct or positive association while negative correlation coefficients symbolizes indirect correlation. Findings were as shown in Table 6 below.

TABLE 6

Correlation Analysis

		Loan Performance		Client Appraisal	Credit Risk Control	Credit Collection Policy
Loan Performance	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	98				
	Pearson Correlation	.663**	1			
	Sig. (2-tailed)	.000				
	N	98	98			
Client Appraisal	Pearson Correlation	.465**	.255*			
	Sig. (2-tailed)	.000	.011			
	N	98	98	98		
Credit Monitoring	Pearson Correlation	.449**	.217*	.300**	1	
	Sig. (2-tailed)	.000	.032	.003		
	N	98	98	98	98	
Debt Collection	Pearson Correlation	.722**	.758**	.410**	.269**	1
	Sig. (2-tailed)	.000	.000	.000	.008	
	N	98	98	98	98	98

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

As shown in Table 6, are positively correlated with loan performance of Equity Bank Thika branch in Kenya (r=0.663, p-value =0.000). The correlation was as well significant as p-value (0.000) was below significant level of 0.05. Findings conform to those of Ssekiziyivu, Bananuka and Tumwebaze (2018) who discovered a significant association between and performance of loan repayment among MFIs‟ clients.

Moreover, results discovered that client appraisal is positively correlated with loan performance of Equity Bank Thika branch in Kenya (r=0.465, p-value =0.000). Moreover, the correlation was as well significant as p-value (0.000) was below significant level of 0.05. The results are in agreement with those of Mulyungi and Mulyungi (2020) who revealed that there is a linear, positive as well as significant correlation between client appraisal and loan performance of Guaranty Trust Bank Rwanda PLC.

Further, results found that credit monitoring was positively correlated with loan performance of Equity Bank Thika branch in Kenya (r=0.449, p-value =0.000). Moreover, the association was significant as p-value (0.000) was below significant level (0.05). The results are in agreement with Murigi and Thuo (2018) findings that credit monitoring has a major impact on the financial performance of agricultural companies listed on the Nairobi Securities Exchange.

Results further indicated that credit collection policy was positively correlated with loan performance of Equity Bank Thika branch in Kenya (r=0.722, p-value =0.000). Moreover, the correlation was as well significant as p-value (0.000) was not more than the significant level of 0.05. The results conform to Kungu, Wanjau and Gekara (2014) findings that profitability and credit policy in Kenyan manufacturing firms have a positive relationship.

4.6.2 Regression Analysis

Multivariate regression analysis was used in determining the association between the dependent (loan performance of Equity Bank Thika branch in Kenya) and independent variables (, client appraisal, credit monitoring and debt collection). The R-Squared is the variance proportion in the dependent variable that can be explained by the independent variable: the larger the R-squared the larger the effect of the independent variable on the dependent variable. The results of the R-squared are presented in model summary in Table 7.

TABLE 7

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.802[a]	.643	.628	.27814

a. Predictors: (Constant), Debt Collection Policy, Credit monitoring, Client Appraisal,

R-squared was employed in the current study to show the variation in dependent variable (loan performance of Equity Bank Thika branch in Kenya) that could be explained by independent variables (client appraisal, credit monitoring and debt collection). The R-squared was 0.643. This implied that 64.3% of the variation of loan performance of Equity Bank Thika branch in Kenya could be described by independent variables (client appraisal, credit monitoring and debt collection).

4.6.3 ANOVA

The ANOVA was used to evaluate whether regression model is a good fit for the data. If F-calculated is greater than F-critical and also p-value is below the significance level, the model deployed is considered a good fit for the data.

As shown in Table 8 below, F- calculated was 41.863 and F- critical was 2.47. Since F- calculated (41.863) was greater than F critical (2.47) and the p value 0.000 was less than the significant level (0.05), the model was considered as a good fit for the data. Therefore, it could be used to predict the effect of credit collection policy, credit monitoring, client appraisal, and on loan performance of Equity Bank Thika branch in Kenya.

TABLE 8

Analysis of Variance

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	12.955	4	3.239	41.863	.000[b]
	Residual	7.195	93	.077		
	Total	20.149	97			

a. Dependent Variable: loan performance

b. Predictors: (Constant), credit collection policy, credit monitoring, client appraisal,

4.6.4 Coefficients

The coefficients or beta weights for every variable enables the researcher to compare relative significance of independent variable.

TABLE 9

Regression Coefficients

Model	Unstandardized Coefficients	Standardized Coefficients	t	Sig.

		B	Std. Error	Beta		
1	(Constant)	-1.253	.434		-2.886	.005
		.285	.095	.287	3.008	.003
	Client Appraisal	.297	.123	.169	2.418	.018
	credit monitoring	.263	.073	.236	3.585	.001
	Credit Collection Policy	.361	.099	.371	3.657	.000

a. Dependent Variable: loan performance

Regression equation was;

$Y = -1.253 + 0.285X_1 + 0.297X_2 + 0.263X_3 + 0.361X_4$

The results show that holding all the independent variables (credit collection policy, credit monitoring, client appraisal, and) constant the value of loan performance of Equity Bank Thika branch in Kenya will have an index of -1.253. Results revealed that has positive as well as significant effect on loan performance of Equity Bank Thika branch in Kenya (β_1=0.285, p-value= 0.003). The association was regarded significant since the p-value (0.003) is not more than the significant level of 0.05. This implies that improvement in improves loan performance of Equity Bank Thika branch in Kenya. These findings conform to the findings of Rukundo (2018) who revealed that in terms of interest rates, repayment period, penalty charges and repayment amount influences performance of SMEs in Bujumbura, Burundi.

Additionally, results discovered that client appraisal has positive significant effect on loan performance of Equity Bank Thika branch in Kenya (β_2=0.297, p-value= 0.018). The association was regarded significant since the P-value (0.018) was not more than the significant level of 0.05.

This implies that an improvement in client appraisal leads to improvement in loan performance of Equity Bank Thika branch in Kenya. These findings conform to Aliija and Muhangi (2017) findings that there is a connection between MFI credit performance and client appraisal in Uganda.

Furthermore, the results found that credit monitoring has positive as well as significant effect on loan performance of Equity Bank Thika branch in Kenya (β_3=0.263, p-value= 0.001). The association was regarded significant since p-value (0.001) was below the significance level of 0.05. This implies that improvement in credit monitoring leads to improvement in loan performance of Equity Bank Thika branch in Kenya. These findings conform to Bwire and Omagwa (2019) argument that credit monitoring has significant effect on financial performance.

Furthermore, the results found that credit collection policy has positive as well as significant effect on loan performance of Equity Bank Thika branch in Kenya (β_3=0.361, p-value= 0.000). The association was regarded significant since the p-value (0.000) was below the significance level of 0.05. This implies that improvement in credit collection policy leads to improvement in loan performance of Equity Bank Thika branch in Kenya. These findings conform to the argument of Mwaura and Jagongo (2017) that credit policy impacts on financial results of Kenyan commercial banks‟ significantly.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a discussion of the key findings, conclusions, recommendation and suggestions for further studies. The general study objective was to assess the effect of credit management practices on loan performance in Equity bank, Thika branch in Kenya. Specifically, the researcher examined the influence of client appraisal, credit monitoring and debt collection on loan performance of Equity Bank, Thika branch in Kenya.

5.2 Summary

This section comprises the summary of the study findings as per the study objectives. This study examined the influence of client appraisal, credit monitoring and debt collection on loan performance of Equity Bank, Thika branch in Kenya.

5.2.1 Influence of on loan performance

Results found that have positive as well as significant influence on loan performance of Equity Bank Thika branch in Kenya. Moreover, findings revealed that the Equity Bank Thika Branch had very clear provision on loan size. Further, the study findings revealed that the bank had very clear provision on fees and interest rate. In addition, the study findings revealed that Equity Bank Thika Branch had very clear provision on collateral requirements. The study established that the bank had very clear provision on repayment schedule. Further, it was found that the organization educate clients prior to a loan. The study also established that Equity Bank Thika Branch had very clear provision on penalties information. However, the study revealed that the customers were not consulted on the formulation of credit policies.

5.2.2 Influence of Client Appraisal on Loan Performance

The study found that client appraisal has positive and significant influence on loan performance of Equity Bank Thika branch in Kenya. The findings also indicated that there was defined purpose for the credit. Further, the study found that repayment capacity or borrower had an effect on loan performance and was considered during client appraisal. Moreover, the study found that availability of collateral was considered during client appraisal. The study established that the ability of the client to generate cash was assessed during client appraisal. Furthermore, the findings indicated that the organization conducted peer monitoring. In addition, the volume of annual cash flow was assessed during client appraisal. However, rescheduling conditionality was moderately assessed during client appraisal. In addition, conditions of the borrowers" assets were not assessed during client appraisal. Also, clients" financial position was not assessed during loan appraisal.

5.2.3 Influence of credit monitoring on Loan Performance

The research revealed that credit monitoring has positive significant influence on loan performance of Equity Bank Thika branch in Kenya. Moreover, the study revealed that the bank exerts peer pressure to defaulting members to repay the loan. In addition, the study found that information supplied accuracy on clients is obtained. Findings also revealed that information on the business location and client home is obtained. The study also discovered that the organization obtains information on client repayment capacity. In addition, the study found that the organization obtains information on the credit history of the clients. Further, the study findings revealed that information on the clients" source of income is obtained. Moreover, the study revealed that the organization obtains information on client repayment segmentation. Furthermore, the study found that information on clients" joint liability is obtained.

5.2.4 Influence of Debt collection on Loan Performance

The study found that debt collection has statistically significant effect on loan performance of Equity Bank Thika branch in Kenya. Moreover, the study revealed that the organization requires information on the clients" source of income. Further, it was found that the organization obtains information on the clients" repayment capacity. Findings further revealed that the organization obtains information on the business location and client home. Moreover, the study revealed that Equity Bank Thika Branch exerts peer pressure to defaulting members to repay the loan. Furthermore, the study established that the organization obtains information on the credit history of the clients. In addition, findings established that accuracy/verification of information supplied is obtained. Moreover, the study also found that the organization obtains information on the client repayment segmentation. Furthermore, the study revealed that the organization obtains information on clients' joint liability provision.

5.3 Conclusion

This study concludes that have positive as well as significant impact on loan performance of Equity Bank Thika branch in Kenya. Findings revealed that loan size, fees and interest rate, collateral requirements, repayment schedule, education of the clients prior to a loan, penalties information and consultation of the customer influences loan performance of Equity Bank Thika branch in Kenya. This means that improvement in improves loan performance of Equity Bank Thika branch in Kenya.

In addition, the researcher concludes that client appraisal has positive significant impact on loan performance of Equity Bank Thika branch in Kenya. Moreover, the study discovered that defined purpose for the credit, availability of collateral, repayment capacity of borrower, ability of the client to generate cash, volume of annual cash flow, peer monitoring, rescheduling conditionality, clients" financial position and condition of the borrowers assets influences loan performance of Equity Bank Thika branch in Kenya. This means that improvement in client appraisal leads to an improvement in loan performance of Equity Bank Thika branch in Kenya.

Further, the researcher concludes that credit monitoring has positive significant impact on loan performance of Equity Bank Thika branch in Kenya. This means that improvement in credit monitoring leads to an improvement in loan performance of Equity Bank Thika branch in Kenya

The study concludes that credit collection policy has positive significant impact on loan performance of Equity Bank Thika branch in Kenya. Findings revealed that business location and client home, source of income, client repayment capacity, Equity Bank Thika Branch peer pressure to defaulting members, client repayment segmentation, joint liability provision, credit history and accuracy/verification of information supplied influences loan performance of Equity Bank Thika branch in Kenya. This means that improvement in credit collection policy leads to improvement in loan performance of Equity Bank Thika branch in Kenya.

5.4 Limitations of the Study

Management of Equity Bank Thika branch in Kenya was reluctant to give permission to perform deeper investigation since information on credit management practices was considered important to the organization. However, the researcher acquired basic data to reveal that ongoing research was purely for learning purposes.

5.5 Recommendations

The results found that have positive as well as significant influence on loan performance of Equity Bank Thika branch in Kenya. This study therefore recommends that the leaders of Equity Bank Thika branch in Kenya should set such as credit period, interest rate and fees, repayment schedule and also provide penalties information in order to lower the default risk from the borrowers.

The study established that liquidity loan risk premium was not clearly communicated to the clients. The study therefore recommends that the leaders of Equity Bank Thika branch in Kenya should regularly notify their clients on the availability of liquidity loan risk premium so that they can be compensated for investing in securities with low liquidity which in turn helps them to settle their loans.

The study established that during client appraisal Equity Bank Thika branch were not putting into consideration clients‟ financial position and conditions of the borrowers assets. The study recommends that Equity Bank Thika branch should put into consideration their clients‟ financial position and conditions of the borrowers assets. This G play a key role in deciding on the limit of credit a customer can get depending on their ability to pay.

Moreover, the study revealed that loan default rates were not clearly communicated to the clients. Therefore, this study recommends that the leaders should communicate the loan default rates to their clients and the penalties given to the defaulters. This triggers the borrowers‟ effort to repay the loans in order to avoid the penalties and hence increase the profitability of banks in Kenya.

The study further found that credit monitoring has positive significant impact on loan performance of Equity Bank Thika branch in Kenya. This study therefore recommends that before issuing the loans, the leaders of Equity Bank Thika branch in Kenya should evaluate the customer's ability to repay back the loans in order to ensure that the clients are credit worthy.

The study revealed that debt collection have statistically significant impact on loan performance of Equity Bank Thika branch in Kenya. Therefore, this study recommends that the leadership of Equity Bank Thika branch should set debt collection in order to save time by ensuring that the same problem is not addressed repeatedly each time a decision is required. This guarantees that decisions are consistent and equitable, and that people in similar situations are treated equally.

5.6 Suggestion for Further Studies

This study was limited to Catholic Equity Bank Thika branch in Kenya therefore its findings cannot be generalized to other financial institutions in Kenya. This study therefore recommends that further studies should be conducted in other financial institutions such as the SACCOs, insurance companies and commercial banks of Kenya among others. The study also found that , client appraisal, credit monitoring and debt collection could explain 64.3% of the loan performance of Equity Bank Thika branch in Kenya. The study thus suggests that further studies should be carried out on other factors influencing loan performance of Equity Bank Thika branch in Kenya.

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APPENDICES

Appendix I: Introduction Letter

20th March, 2023 Dan

Musili

Gretsa University,

P.O. Box 3-00100,

Thika

Dear Participant,

RE: REQUEST FOR COLLECTION OF DATA

I am a Gretsa University undergraduate student; currently conducting a research on effect of credit management on loan performance in equity bank in Kenya. The effectiveness of this study relies on the selection of a diverse set of viewpoints that will ensure that the results are representative. Your opinions are extremely valuable. The anonymity and confidentiality of this questionnaire will be guaranteed. This questionnaire does not require you to include your name. At no point during the research will any person be identified. Please be as truthful as possible in your answer.

Yours faithfully,

Dan Musili

Appendix II: Questionnaire

Please complete this questionnaire as truthfully as possible. This research tool is intended to gather empirical data in order to perform an academic exercise on the topic; "The **Role of CMP on loan performance in equity bank in Kenya**" as a semi-requirement for an award of a degree in Master of science in Commerce, at KCA University. Confidentiality will be strictly adhered to, and your name will not be mentioned. Please provide the information as required.

Any information, views and opinion given will be treated with strict confidentiality and will also be employed for the purposes of this study only. You are humbly requested not to mention your name or any information that might disclose your identity.

Section A: Demographic Information

	Respondent Characteristic	Response	Comment/further information
Respondent Gender	**1.**Male		
	2.Female		
Respondent Age	**1.**18 to 25		
	2.26 to 35		
	3.36 to 45		
	4.46 to 55		

	5.Above 55		
Level of Education of the respondent	**1.** TEVs		
	2. Diploma		
	3. Bachelor‟s		
	4. Post-graduate		
	5. Other (specify)		
Specify your duration of service	**1** Less than 1 Year		
	2. Between 2 and 4 Years		
	3. Between 5 and 7 Years		
	4. Between 8 and 10 Years		
	5. Beyond 10 Years		
Position Held	**1**. Employees		
	2. Executive		
	3. Capacity building		
	4 Credit committee		

Section B: Client Appraisal

To what extents do you agree with below loan recovery statements‟ influence on your EQUITY BANK THIKA BRANCH loan performance? Based on a 5-point scale, indicate your response where: 1= Strongly Agree; 2=Agree; 3= neutral; 4= Disagree, 5=Strongly Disagree

	To the best of your knowledge the following loan recovery provisions and information existed and were communicated clearly to clients: -	1	2	3	4	5
1	Defined purpose for the credit					
2	Availability of collateral					
3	Repayment capacity of borrower					
4	Ability of the client to generate cash					
5	Volume of annual cash flow					
6	Peer monitoring					
7	Rescheduling conditionality					
8	Clients financial position					
9	Condition of the borrowers assets					

Section C: credit monitoring

To what degree do you agree that the following client supervision statements have an effect on your EQUITY BANK THIKA BRANCH's loan performance? Based on a five-point scale, indicate your response where: 1= Strongly Agree; 2=Agree; 3=neutral; 4= Disagree, 5=Strongly Disagree

	From your perspective, are the following data on client obtained?	1	2	3	4	5

1	Business location and client home					
2	Information supplied accuracy					
3	Client repayment capacity					
4	EQUITY BANK THIKA BRANCH peer pressure to defaulting members to repay loan					
5	Client Repayment segmentation					
6	Joint liability					
7	Credit History					
8	Source of Income					

Section D: Debt Collection Policy

	From your perspective, are the following data on client obtained?	1	2	3	4	5
1	Business location and client home					
2	Source of Income					
3	Client repayment capacity					
4	EQUITY BANK THIKA BRANCH peer pressure to defaulting members to repay loan					
5	Client Repayment segmentation					
6	Joint liability provision					

7	Credit History					
8	Accuracy/verification of information supplied					

Section E: Loan Performance

To what degree do you agree that the following indicators of loan performance with your EQUITY BANK THIKA BRANCH's. Based on five -point scale, indicate your response where: 1connotes Strongly Agree; 2 connotes Agree; 3 connotes neutral; 4 connotes Disagree, 5 connotes Strongly Disagree

	All loans the group management lent out:	1	2	3	4	5
1	Fully payment was made					
2	Loan repaid on schedule					
3	There was high return on equity					
4	Repayment rate was high					
5	There were no bad debts (no loans were written off)					
6	There was minimal loan recovery cost					
7	Targeted beneficiary number was achieved					