Research Journal of Finance and Accounting
ISSN 2222-1697 (Paper) ISSN 2222-2847 (Online)
Vol.9, No.10, 2018

Effect of Credit Management Systems on the Loan Recovery Efforts of Microfinance Banks in Akwa Ibom State, Nigeria

Dr Eno G. Ukpong   Ukpe Essien Amos   Essien, Iniabasi Thomas
Department of Accounting,   Akwa Ibo State University

Abstract
This study set out to ascertain the effect of credit management techniques on loan recovery efforts by microfinance banks. To guide the study, 3 objectives specific objectives, 3 research questions and three null hypotheses tested at 0.05 alpha levels were formulated. The study covers all microfinance companies operating in Akwa Ibom State. A descriptive survey research design was employed for the study. The population is 85 operations and marketers in microfinance banks in Akwa Ibom State that have been in existence from 2014 to 2017. The sample size is 60 and the stratified random sampling technique was employed. The research instrument used for the study is a researcher- made questionnaire tagged "Credit Management and Loan Recovery Questionnaire" (CMLRQ). The instrument developed by the researcher was face and content validated by three experts in the Faculty of Social sciences, Akwa Ibom State University. All corrections and inputs were built in to the final version of the instrument. The reliability coefficient of the instrument was determined using Cronbach alpha method after the instrument was trial-tested on 20 respondents who were part of the population but not part of the sample. The result showed reliability co-efficient of 0.78. The data generated was analyzed using regression analysis to answer the research questions and to test the null hypotheses at .05 alpha level. It was concluded that Credit appraisal, credit risk control and collection policy were found to be very important in influencing loan recovery. It was recommended among others that Microfinance banks should ensure that credit appraisal is carried out by the technical people who are experienced and competent credit officer in order to stem out those with intolerable credit risk at the earliest possible opportunity.

Background of the Study

The banking industry play a vital role in economic development of any nation, they play roles like fund mobilizations, opening of account, letters of credit business guarantees, and mostly give out loans from the part of the money mobilized. Banks are financial institutions are established for lending, borrowing, issuing, exchanging, taking deposits, safeguarding or handling money under the laws and guide lines of a respective country. Among their activities, credit provision is the main product which banks provide to potential business entrepreneurs as a main source of generating income.

Banks and financial institutions mobilize deposits and utilize them for lending. Generally lending business is encouraged as it has the effect of funds being transferred from the system to productive purposes which results into economic growth. The borrower takes fund from bank in a form of loan and pays back the principal amount along with the interest. Sometimes in the non – performance of the loan assets, the fund of the banks gets blocked and the profit margin goes down. To avoid this situation, bank usually engage in credit management.

Credit management is one of the most important activities in any company and cannot be overlooked by any economic enterprise engaged in credit irrespective of its business nature. It is the process to ensure that customers will pay for the products delivered or the services rendered. Myers and Brealey (2003) describe credit management as methods and strategies adopted by a firm to ensure that they maintain an optimal level of credit and its effective management. It is an aspect of financial management involving credit analysis, credit rating, credit classification and credit reporting. Nelson (2002) views credit management as simply the means by which an entity manages its credit sales. It is a prerequisite for any entity dealing with credit transactions since it is impossible to have a zero credit or default risk. Banks are merely custodians of the money they lend; hence interest must be paid to depositors and dividends to the investors. Credit management can be seen as an integral part of lending and as such in its absence, good loans can turn bad. It is expedient to note that the importance of credit management cannot be over-emphasized and good credit management requires the establishment of adherence to and of sound and efficient credit policies of government.

For banks to be successful, their corporate credit appraisal, disbursement, adequate monitoring and repayment must be assured. But experiences over the years have shown that inadequate credit analysis and sound judgment of loans application have resulted in unperforming loans. Provision of credits according to Agu and Basil (2013), which are in the form of loans and advances, are the total amount of money a given bank lends out to its customers at any given period of time. In providing credits for business ventures, banks should as a matter of importance take all necessary steps to ensure that advances are granted to those customers who can and will make judicious use of loans so that repayment will not become a problem. Therefore credits must be made to people who are capable of utilizing it well and repaying the loan at its maturity. The place of loans and advances in the affairs of banks can be explained by referring to the fact that "loans and advances are the largest single item in the assets structures of Nigeria commercial Banks (Ani 2012). It also constitutes the main source of the operating income of banks and also the most profitable assets for the employment of banks funds. Credit management systems include credit appraisal, credit risk control ad collection policy (Knox, 2004).

Over the last decade, many financial institutions were never so serious in their efforts to ensure timely credit recovery and consequent reduction of Non-Performing Assets (NPAs) as they are today. Debt recovery is defined as a process of pursuing loans which have not been repaid and managing to recover them by convincing the loanies to make attempts to repay their outstanding loans (Early, 2006). The role of recovering loans is not an easy task as clients will go out of their way to prove inaccessible to the lender/bank (Garber, 1997). It is important to note that credit recovery management, be of fresh loans or old loans, is central to NPA management.

A key requirement for effective credit management according to Alice and Jaya (2016) is the ability to intelligently and efficiently manage customer credit lines. In order to minimize exposure to bad debt, over-reserving and bankruptcies, companies must have greater insight into customer financial strength, credit score history and changing payment patterns. Credit management starts with the sale and does not stop until the full and final payment has been received. It is as important as part of the deal as closing the sale. In fact, a sale is technically not a sale until the money has been collected. It follows that principles of goods lending shall be concerned with ensuring, so far as possible that the borrower will be able to make scheduled payments with interest in full and within the required time period otherwise, the profit from an interest earned is reduced or even wiped out by the bad debt when the customer eventually defaults. Credit management is concerned primarily with managing debtors and financing debts. The objectives of credit management can be stated as safe guarding the companies‟ investments in debtors and optimizing operational cash flows. Policies and procedures must be applied for granting credit to customers, collecting payment and limiting the risk of non-payments.

Credit management is the method by which you collect and control the payments from your customers. Myers and Brealey (2003) describe credit management as methods and strategies adopted by a firm to ensure that they maintain an optimal level of credit and its effective management. It is an aspect of financial management involving credit analysis, credit rating, credit classification and credit reporting. A proper credit management will lower the capital that is locked with the debtors, and also reduces the possibility of getting into bad debts. According to Edwards (1993), unless a seller has built into his selling price additional costs for late payment, or is successful in recovering those costs by way of interest charged, then any overdue account will affect his profit. In some competitive markets, companies can be tempted by the prospects of increased business if additional credit is given, but unless it can be certain that additional profits from increased sales will outweigh the increased costs of credit, or said costs can be recovered through higher prices, then the practice is fraught with danger. Most companies can readily see losses incurred by bad debts, customers going into liquidation, receivership or bankruptcy. The writing-off of bad debt losses visibly reduces the Profit and Loss Account. The interest cost of late payment is less visible and can go unnoticed as a cost effect. It is infrequently measured separately because it is mixed in with the total bank charges for all activities. The total bank interest is also reduced by the borrowing cost saved by paying bills late. Credit managers can measure this interest cost separately for debtors, and the results can be seen by many as startling because the cost of waiting for payment beyond terms is usually ten times the cost of bad debt losses. Effective management of accounts receivables involves designing and documenting a credit policy. Many entities face liquidity and inadequate working capital problems due to lax credit standards and inappropriate credit policies. According to Pike and Neale (1999), a sound credit policy is the blueprint for how the company communicates with and treats its most valuable asset, the customers.

1.2 Statement of the Problem

Credit risk management practices is an issue of concern in financial institutions today and there is need to develop improved processes and systems to deliver better visibility into future performance. There have been controversies among researchers on the effect of credit management techniques adopted by various institutions.

The success of microfinance banks is largely dependent on the effectiveness of their credit management system. Since these institutions generate most of their income from interest earned on loans extended to small and medium entrepreneurs. The central bank annual supervision report, 2015 indicated high incidence of credit risk reflected in the rising levels of non-performing loans by the commercial banks in the last 10 years, a situation that has adversely impacted on their profitability. This trend not only threatens the viability and sustainability of microfinance banks, but also hinders the achievement of the goals for which they were intended which are to provide credit to the middle and lower income class but also to the rural unbanked population and bridge the financing gap in the mainstream financial sector. Bad credit can be stemmed out by proper risk identification and appraisal. Sound credit management is a prerequisite for a financial institution's stability and continuing profitability, while deteriorating credit quality is the most frequent cause of poor financial performance and condition. According to Gitman (1997), the probability of bad debts increases as credit standards are relaxed. Firms must therefore ensure that the management of receivables is efficient and effective .Such delays on collecting cash from debtors as they fall due has serious financial problems, increased bad debts and affects customer relations. If payment is made late, then profitability is eroded and if payment is not made at all, then a total loss is incurred. This study therefore aimed at establishing the influence of credit management systems on loan performance of microfinance banks in Akwa Ibom State, Nigeria.

1.3 Purpose of the Study

The general objective for this study was to establish the effect of credit management systems on the loan recovery efforts of microfinance banks in Akwa Ibom State. Specifically, the study sought to

1. To determine the effect of credit appraisal on loan recovery efforts of microfinance banks in Akwa Ibom State.
2. To determine the effect of credit risk control on loan recovery efforts of microfinance banks in Akwa Ibom State.
3. To determine the effect of collection policy on loan recovery efforts of microfinance banks in Akwa Ibom State.

1.4 Research Questions

1. What is the effect of credit appraisal on loan recovery efforts of microfinance banks in Akwa Ibom State?
2. What is the effect of credit risk control on loan recovery efforts of microfinance banks in Akwa Ibom State?
3. What is the effect of collection policy on loan recovery efforts of microfinance banks in Akwa Ibom State?

1.5 Research Hypotheses

The following null hypotheses were tested at .05 level of significance

1. There is no significant effect of credit appraisal on loan recovery efforts of microfinance banks in Akwa Ibom State.
2. There is no significant effect of credit risk control on loan recovery efforts of microfinance banks in Akwa Ibom State.
3. There is no significant effect of collection policy on loan recovery efforts of microfinance banks in Akwa Ibom State.

Research Methodology

3.1 Area of the Study

This study was carried out in Akwa Ibom State which is situated in the South –South Zone of Nigeria. This study adopted a descriptive survey design that aimed at exploring the credit monitoring and recovery strategies adopted by microfinance banks in Akwa Ibom State. Descriptive designs result in a description of the data, either in words, pictures, charts, or tables, and indicate whether the data analysis shows statistical relationships or is merely descriptive.

The population consisted of 85 operations and marketers in microfinance banks in Akwa Ibom State that have been in existence from 2014 to 2017. This period was considered long enough to provide sufficient variables to assist in determining a trend on the credit monitoring and recovery strategies. This period was chosen in order to capture the most recent data and to give results that reflect the current trend. Purposive sampling technique was employed to select a sample size of 60. Researchers made questionnaire tagged “Credit Management and Loan Recovery Questionnaire” (CMLRQ) was employed for data collection. The instrument developed by the researchers was face and content validated by three experts in the Faculty of Social sciences, Akwa Ibom State University, Nigeria. All corrections and inputs were built in to the final version of the instrument.The reliability coefficient of the instrument was determined using Cronbach alpha method. The items were trial-tested on 20 respondents who were part of the population but not part of the sample. The scores obtained from the trial-test were subjected to item analysis to determine the reliability index of the instrument. The result showed reliability co-efficient of 0.78. On the basis of the high reliability index, the instrument was deemed suitable to be used in conducting the study. For the purpose of this study, both primary and secondary data are used. Interviews and questionnaires are used to collect primary data. Unstructured interview is prepared and administered to the staff working in the loan area and branch managers and assistant branch managers of the Bank. This helped to address the research questions more specifically or to concentrate more on the topic itself. Interview is undertaken by the researcher himself in order to effectively gather pertinent information to the study. Secondary data is collected from clients’ files, reports, directives, manuals and bulletins of the bank by the researcher.

Data Analysis

The collected data from the primary sources were systematically organized in a manner to facilitate analysis.

Data analysis involved preparation of the collected data, coding, editing and cleaning of data so as to facili processing. The data generated was analyzed using regression analysis to answer all the research questions regression was used in testing the research hypotheses.

Research Question 1: What is the effect of credit appraisal on loan recovery efforts of microfinance banks in Akwa Ibom State?

Table 1: Summary of Regression Coefficient Analysis for effect of credit appraisal on loan recovery efforts of microfinance banks

Model	Unstandardized Coefficients		Standardized Coefficients
	B	Std. Error	Beta
1 (Constant)	0.342	.156	
Market Appraisal	0.115	.058	.108
Management Appraisal	0.007	.029	-.013
Technical Appraisal	0.188	.044	.256
Financial Appraisal	0.792	.072	.646

r= 0.65, R^2= 0.56

Respondents were asked on the effect of credit appraisal techniques on loan recovery efforts. The process of appraisal includes market appraisal, management appraisal, technical appraisal and financial appraisal techniques. The regression coefficients shows that loan recovery increases by 0.115 for each loan when market appraisal was conducted. The result further shows that for each recovered loan increased by 0.007 when management appraisal was conducted. Also, loan recovery increased by 0.188 when technical appraisal was carried out and loan recovery increased by 0.792 when financial appraisal was conducted. The coefficient of determination(R^2) is 0.56, indicating that 56% of loan recovered is as a result of credit appraisal techniques. Thus, credit appraisal has a positive effect on loan recovery by microfinance banks.

Research Question 2: What is the effect of credit risk control on loan recovery efforts of microfinance banks in Akwa Ibom State?

Table 2: Summary of Regression Coefficient Analysis for effect of credit risk control on loan recovery efforts of microfinance banks

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.293	.126		10.250	.000
Credit Risk Control	.688	.034	.854	20.080	.000

r= 0.84, R^2= 0.73

Table 2 shows the summary of the regression coefficients for effect of credit risk control on loan recovery efforts of microfinance banks. The result shows that for every unit rise in credit risk control, loan recovery increases by 0.688. The coefficient of determination (R^2) is 0.73, indicating that 73% of loan recovered is as a result of credit risk control techniques. Thus, credit risk control has a positive effect on loan recovery by microfinance banks.

Research Question 3: What is the effect of collection policy on loan recovery efforts of microfinance banks in Akwa Ibom State?

Table 3: Summary of Regression Coefficient Analysis for effect of collection policy on loan recovery efforts of microfinance banks

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.092	.095		11.461	.000
V12	.729	.025	.920	28.733	.000

r= 0.920, R^2= 0.847

Table 3 shows the summary of the regression coefficients for effect of credit collection policy on loan recovery efforts of microfinance banks. The result shows that for every unit rise in credit collection policy, loan recovery increases by 0.729. The coefficient of determination (R^2) is 0.847, indicating that 84.7% of loan recovered is as a result of credit collection policy. Thus, credit collection policy has a positive effect on loan recovery by microfinance banks.

Null Hypothesis 1
There is no significant effect of credit appraisal on loan recovery efforts of microfinance banks in Akwa Ibom State.
Table 4: Summary of Regression analysis for effect of credit appraisal on loan recovery efforts of microfinance banks in Akwa Ibom State

Model		Sum of Squares	df	Mean Square	Fcal	Fcrit.	Decision
1	Regression	49.639	4	12.410	385.082	2.543	Reject Ho
	Residual	4.705	54	.032			
	Total	54.344	60				

Significant @ .05

Table 4 gives the summary of the regression test. The result shows that the calculated F- value is 385.082. At 4 and 54 degree of freedom and .05 alpha level, the critical F value is 2.543. Since the fcal is greater than the fcrit, the null hypothesis is rejected and the alternate is upheld. Thus, there is a significant effect of credit appraisal on loan recovery efforts of microfinance banks in Akwa Ibom State.

Null Hypothesis 2
There is no significant effect of credit risk control on loan recovery efforts of microfinance banks in Akwa Ibom State.
Table 5: Summary of Regression analysis for effect of credit risk control on loan recovery efforts of microfinance banks in Akwa Ibom State

Model		Sum of Squares	df	Mean Square	Fcal	Fcrit.	Decision
1	Regression	39.680	1	39.680	403.189	.2.528	Reject Ho
	Residual	14.664	59	.098			
	Total	54.344	60				

Significant @ .05

Table 5 gives the summary of the regression test. The result shows that the calculated F- value is 403.189. At 1 and 59 degree of freedom and .05 alpha level, the critical F value is 2.528. Since the fcal is greater than the fcrit, the null hypothesis is rejected and the alternate is upheld. Thus, there is a significant effect of credit risk control on loan recovery efforts of microfinance banks in Akwa Ibom State.

Null Hypothesis 3
There is no significant effect of collection policy on loan recovery efforts of microfinance banks in Akwa Ibom State.
Table 6: Summary of Regression analysis for effect of credit collection policy on loan recovery efforts of microfinance banks in Akwa Ibom State

Model		Sum of Squares	df	Mean Square	Fcal	Fcrit.	Decision
1	Regression	46.036	1	46.036	825.588	.2.528	Reject Ho
	Residual	8.308	149	.056			
	Total	54.344	150				

Significant @ .05

Table 6 gives the summary of the regression test. The result shows that the calculated F- value is 825.588. At 1 and 59 degree of freedom and .05 alpha level, the critical F value is 2.528. Since the fcal is greater than the fcrit, the null hypothesis is rejected and the alternate is upheld. Thus, there is a significant effect of credit collection policy on loan recovery efforts of microfinance banks in Akwa Ibom State.

4.3 Discussion of Findings
Based on the result of analysis, the findings are herby discussed

Credit Appraisal and Loan Recovery Efforts of Microfinance Banks
Analysis of research question one shows that the coefficient of determination (R^2) is 0.56, indicating that 56% of loan recovered is as a result of credit appraisal techniques. The r-value is 0.65, indicating a positive relationship between credit appraisal and loan recovery. Thus, credit appraisal has a positive effect on loan recovery by microfinance banks. The corresponding hypothesis test reveals that there is a significant effect of credit appraisal on loan recovery efforts of microfinance banks in Akwa Ibom State. This findings is in line with Lawrence 2009 and Njeru, Shano, & Alex (2013) which identified four key processes in credit appraisal to include market appraisal, management appraisal, technical appraisal and financial appraisal techniques. Omara (2007) in

Uganda investigated the credit assessment process and repayment of bank loans. The results of the study showed that there was delay by Barclays bank in scoring loans, the bank charged commitment fee to both new and existing customers. This negatively impacted on loan repayment.

Credit Risk Control and Loan Recovery Efforts of Microfinance Banks

Result of research question two shows analysis that the coefficient of determination (R^2) is 0.73, indicating that 73% of loan recovered is as a result of credit appraisal techniques. The r-value is 0.84, indicating a very high positive relationship between credit risk control and loan recovery. Thus, credit risk control has a positive effect on loan recovery by microfinance banks. The corresponding hypothesis test reveals that there is a significant effect of credit risk control on loan recovery efforts of microfinance banks in Akwa Ibom State. This findings is corroborated by Ntiamoah, Egyiri, Diana Fiaklou, Kwamega, (2014) which averred that there existed a significant relationship between credit management practices and loan performance using some selected microfinance in the Greater Accra region of Ghana as a case study. Results of the study indicated that there was high positive correlation between the credit terms and policy, lending, credit analysis and appraisal, and credit risk control and loan performance. Credit risk controls adopted by microfinance institutions have an effect on loan performance, credit insurance, signing of covenants with customers, diversification of loans, credit rating of customers, reports on financial conditions, refrain from further borrowing had an effect on loan performance. Collection policies adopted by microfinance institution had an effect on loan performance, stringent policy had a great impact on loan performance, and the lenient policy had an effect but was not as great as that of stringent policy (Nduta, 2013).

Credit Collection Policy and Loan Recovery Efforts of Microfinance Banks

Result of research question three shows analysis that the coefficient of determination (R^2) is 0.847, indicating that 84.7% of loan recovered is as a result of credit collection policy techniques. The r-value is 0.92, indicating a very high positive relationship between credit collection policy and loan recovery. Thus, credit collection policy has a positive effect on loan recovery by microfinance banks. The corresponding hypothesis test reveals that there is a significant effect of credit collection policy on loan recovery efforts of microfinance banks in Akwa Ibom State. This findings is supported by Vincent Byusa & David Nkusi (2012) which investigated effects of credit policy on bank performance in selected Rwandan commercial banks and revealed that credit policies, credit responsibility, collection policy and credit evaluation policies ranging from car loans, personal loans, overdraft and mortgage at interest led to increase in customer base and existence of bad debts.

Conclusions

Credit appraisal was found to be very important in influencing loan recovery. This is because it is the screening stage and those would be bad payers are sieved out and those expected to be good payers given their credit history and credit score are granted. The other techniques were also deemed effective with collections techniques having the most effect on loan retrieval.

Recommendations

The following recommendations were made based on the findings and conclusion from the study.

1. Microfinance banks should ensure that credit appraisal is carried out by the technical people who are experienced and competent credit officer in order to stem out those with intolerable credit risk at the earliest possible opportunity.
2. Microfinance banks should ensure a multi-variate approach to credit risk appraisal. This would ensure that there is very little chance that a would be defaulter is identified and locked out of the loan book.
3. Microfinance banks should ensure that credit risk control is conducted by competent people for screening loan applications to ensure high recovery rate.
4. In the event of default or NPA, the collection procedure outline in the research should be applied by Microfinance banks for loan recovery.

References

Agu, O. & Basil, C. (2013). Credit management and bad debt in Nigeria commercial banks –Implication for development *IOSR Journal Of Humanities And Social Science (IOSR-JHSS) 12(3):47-56.*

Alice, K. & Jaya, S.(2016). Effect of credit management on performance of commercial banks in Rwanda (A case study of Equity Bank Rwanda ltd). *International Journal of Business and Management Review,* 4(4):1-12.

Ani A.(2012). Abacha Didn`t Steal Money. Daily Sun, Monday June 18,2012.

Binks, M.R. & Ennew, C.T. (1992). Information asymmetries and the provision of finance to small firms. *International Small Business Journal* 11(1): 35-46.

Credit Research Foundation, CRF (1999). Principles and Methods of Collections available at www.crf.com
Derban, W.K., Binner, J.M. & Mullineux, A. (2005). Loan repayment performance in community development finance institutions in the UK. *Small Business Economics*, 25:319-32.
Early J.S. (2006). Problems in the Measurement of the Quality of Credit, *Proceedings of the Business and Economic Statistics Section of the American Association, 202-217.*
Edward. B (1993) *Credit Management* (6th ed.) http://www.gowerpublishing.com
Garber, C. (1997). *Private investment as a Financing source for Micro credit.*The north-South Centre, University of Miami.
Eppy, I. (2005) *Perceived Information Asymmetry, Bank lending Approaches and Bank Credit Accessibility by Smes in Uganda (*Unpublished thesis) Makerere University.
Greuning, H. and Bratanovic, S.B. (2003). *Analyzing and Managing Banking Risk,A Framework for Assessing Corporate Governance and Financial Risk*. (2nd Ed.). The World Bank, Washington, DC.
Gitman, J. (1997). *Principles of management finance* (8th ed.)
Haron, A. & Hin Hock, J.L. (2007). Inherent Risk: Credit and Market Risks In Archer, S. and Karim, R. A. A. (2007) *Finance: The Regulatory Challenge*, John Wiley & Son (Asia) Pte Ltd.
Iqbal, Z. & Mirakhor, A. (2007). *An Introduction to Islamic Finance: Theory and Practice.* John Wiley & Sons, Singapore.
Kealhofer, T (2003) *Survey on Corporate Responses to Volatile Exchange Rates*, Massachussetts Institute of Technology, Cambridge, MA.
Knox, S. (2004). *Credit Analysis Technology in a Changing Business Environment*. Boston: CFO Publishing Corp
Lawrence, J.(2009), *Principles of Managerial Finance*, 11th edition, United States,
San Diego State University.
Scheufler, B. (2002). *Five Risks You Can Target with Best Practices*. [On-line]. Available http://www.dnb.com (19/05/2017)
Milcah, C., Kirochi, E. & Joseph, M. (2014). An evaluation of credit appraisal techniques adopted by commercial banks in Kenya in lending to small and medium-sized enterprises *European Journal of Business and Management* www.iiste.org 6(36):1-8.
Myers, C. & Brealey, R. (2003). *Principles of Corporate Finance*. New York: McGraw- Hill.
Nduta, R. G. (2013). The effect of credit management on the financial performance of microfinance institutions in Kenya. M.Sc Dissertation, School Of Business, University Of Nairobi, Kenya.
Nelson, L. (2002). *Solving Credit Problem.* Retrieved on 21 July 2015 from http://www.cfo.com
Njeru, M., Shano, M. & Alex, W. (2013). Effectiveness of credit appraisal on loan performance of commercial banks in Kenya. *International Journal of Recent Engineering Research and Development (IJRERD)* 1(6):9-14**.**
Omotunde, F. G. (2000): *Credit Appraisal in Developing Countries*; IM1Publication.
Peters, J.M., Lewis, B.L. & Dhar, V. (1989). Assessing inherent risk during audit planning: the development of a knowledge based model, *Accounting, Organizations and Society.*
Pike, R. & Neale, B. (1999). *Corporate Finance and Investment*: Decisions and Strategies. England: Prentice Hall
Saunders, D (1996). Credit risk in two institutional regimes: Spanish commercial and savings banks. *The Journal of Financial Services Research*, 22(3):203-16.
Williamson, O. E. (1981). The Economics of Organization: The Transaction Cost Approach. *The American Journal of Sociology , 87* (3), 548-577