

Effect of loan management on the financial performance of commercial bank: the case of Bank of Kigali (B.K)

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ABSTRACT

This paper explores the effect of loan management on the financial performance of commercial bank with reference to Bank of Kigali (BK). Loan management play a major role in the banking institution to maintain the financial performance.

Bank are expected to be socially responsible, support local communities and ensure adequate supply of credit to all legitimate businesses and consumers to price those loan reasonable in line with market determined rates without jeopardizing the viability of the institution. The objective of this study was to find out how far loan management affects financial performance of a banking institution.

Data collection techniques adopted were questionnaires and documentation, where qualitative and quantitative data about loan management and financial performance of BK were gathered and analyzed. The study findings revealed that there is an effect or a close relationship between loan management and financial performance of Bank of Kigali, where it was noted that well management of loan was the main source of the positive financial performance achieved by B.K.

Finally, this study ends up with some recommendations where the Bank of Kigali should improve the training of employees of credit department to enhance the suitable effective performance of loan management.

Key words: Loan, management, loan management, and financial performance