Credit Management Practices and Non-Performing Loans in the Deposit Taking Savings and Credit Cooperative Societies in Apac Municipality

Patrick Isaac Agwa
Dr. Robert Oguti Etengu
2024

ABSTRACT

The purpose of this study was to investigate the effect of credit management practices on non- performing loans in the deposit taking savings and credit cooperatives societies in Apac Municipality. The purpose of the study was to examine the effects of credit management practices on non-performing loans in deposit taking savings and credit cooperative societies in Apac Municipality. The study employed a cross-sectional research design, with a sample size of 81 respondents from a population of 110 comprising top management and employees of SACCOS, successfully completing the questionnaire out of an initial target of 86. Data was collected by use of a self-administered questionnaire and an interview guide. The linear regression results revealed that credit risk management has a significant negative effect on non-performing loans. Secondly, setting credit limits did not exhibit a significant effect on non-performing loans. Finally, constant reminders had a significant positive effect on non- performing loans. The study recommended the implementation of robust credit risk management practices including thorough credit risk identification, assessment, and monitoring and transfer strategy should be implemented. In addition, credit officers should conduct a comprehensive review of credit limit setting processes to ensure alignment with the dynamic needs of SACCO members. Furthermore, SACCO managers should exercise caution in the frequency and tone of constant reminders.

Keywords: *Credit, Management, Practices, Non-Performing Loans, Deposit, Savings, Credit Cooperative Societies, Apac Municipality*

UNIVERSITY
THE BEACON