

Loan Management and Profitability of the BRAC Branches in Lango Sub-region

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2023.

Background: The purpose of the study was to examine the effect of loan management on the profitability of BRAC Uganda bank branches in Lango sub-region as a case study due to the decline in profitability. Specifically, the study looked at the effect of loan appraisal, loan terms and monitoring on profitability.

Methods: In order to carry out the study, the study was designed to cross-sectional survey manner where qualitative as well as quantitative data were collected from primary resources. The population of the study was 70 and using perspective and census sampling techniques, all the 70 staff were selected as the respondent for the study due to the small number of the employees in the organization. The techniques used were purposive and census. The questionnaire was used to collect data from satellite manager, tellers, credit officers, customer service advisor and service staff through drop and pick while interview guide was employed to collect data from the branch manager, credit supervisor and branch operation managers. The collected data was summarized and analyzed using descriptive and inferential statistics. The research was analyzed descriptive regression analysis using SPSS version 20.0 data analysis software.

Results: The study found that loan appraisal is positively correlated with profitability of commercial banks in Uganda focusing on branches of BRAC Bank Uganda Limited in Lango sub-region. Regression analysis revealed that loan appraisal positively affects profitability, loan terms positively affects profitability and lastly, the findings also indicates that loan monitoring significantly affects profitability of commercial Banks in Uganda.

Conclusions: Thus, the researcher recommended that all loan should be properly appraised, loan officers should always discuss the loan terms with the clients and lastly all the loans given out properly monitored.

Keywords: *Loan Management, Profitability, BRAC Branches.*

