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Investigating the Impact of Credit Management on the Financial Performance of Financial Institutions in Uganda, a Case Study of Centenary Bank, Gulu Branch

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Abstract: *The study aimed at investigating the impact of credit management on the financial performance of financial institutions in Uganda with a case study of centenary bank, Gulu branch and it was guided by the following objectives; to examine the effect of credit terms on financial performance of Centenary Bank, Gulu Branch, to analyze the effect of credit assessment on financial performance of Centenary Bank, Gulu Branch and to investigate the relationship between credit control and financial performance of Centenary Bank, Gulu Branch. From the findings, it shows that there is a strong positive correlation coefficient (0.669) and therefore the relationship between credit financing andthe growth of bank is significant at 95% confidence interval since the probability (0.035) is less than the critical value 0.05 and therefore we reject the null hypothesis and since the R squared value 0.567 is greater than the adjusted R squared value (0.435), it was a good fit. From the study findings, the researcher recommends the following; however following the individual prediction, the band width for the mean prediction of age is lower than the band width of individual prediction. Banks should devise means they deliver credit financing facilities, improve terms and conditions under which financial institutions offer various credit facilities to bank. The government of the republic of Uganda should partner with other financial institutions to provide subsidized financial/credit assistance to bank with little interest rates. There should be assessing the needs of clients so as financial institutions develop creditfacilities that best suit them.*

Background to the study

Brindley (2017) asserts that credit management emerged in the 1960s and this was mainly due to the global competition, technological change and the continuous search for competitive advantage. John (2017) asserts that back in 1980s, there was no risk management department in the financial institutions and only the financial institution head trader had the experience and authority to rule on poor trades and have them unwound. In the 2010s, the financial institutions began to realize the impact of credit management by setting up risk management departments which were charged with measuring risk, and not managing it. With all the authority of decision making left to the head of trader,this made credit management powerless (Economic intelligence report, 2019). Credit management however became a booming industry in earlier nineties as a result of increasing volatile financial markets and derivatives leading to important financial losses suffered by companies without credit management system (Bofondi and Gobbi, 2016).

In Uganda, failure of Micro finance institutions to manage their credit risk well resulted in to serious catastrophes like financial institution closure. Greenland bank for example did not follow its laid down lending policy and as a result, much credit had been extended to a small group of borrowers mainly insiders and Greenland group related companies, generallywithout sufficient security and in violation of limits on concentration of lending. It wasdiscovered that in some cases credit had been extended on the sole instruction of the then Managing Director and without any or very minimal documentation. A substantialportion of the loan portfolio was classified as non-performing as both principal and interest payments were in arrears for a considerable time. The report of November 30, 2018 revealed that insider loans accounted for over 40 percent of the gross loan portfolio (Financial institution of Uganda Report, 2019).

Milton (2017) while building on the moral hazard effect observed that there are three processes in assessment of credit in Micro finance institutions which include Loan Approval Process, Loan Monitoring Process, and Loan Termination Process all aimed at effectivecredit risk management.

The moral hazard theory therefore guided this study as it suggests likelihood of management and staff offering risky credit facilities which calls for effective credit riskidentification, assessment and monitoring to mitigate the financial institutions solvency problems leading to achievement of the financial institution's desired sales revenue and profitability.

Risks in credit management can be regarded as the probability of losses associated with diminution in the credit quality of borrowers/counterparties or potential losses resulting from the refusal or inability of a customer to pay what is owed in full and on time. It remains the most important risk to manage till date (Bofondi and Gobbi, 2018). Credit risk arises when the borrower is unable to repay the loan or when the credit rating deteriorates (Bofondi and Gobbi, 2016). Credit management is defined as the identification, measurement, monitoring andcontrol of risk arising from the possibility of default in loan repayments (Coyle, 2017).Credit management was equally conceptualised to include three dimensions of riskidentification, risk assessment and risk control.

Statement of the problem

Centenary Bank has in place a credit management team, proper and clear guidelines formanaging credit risk which represents the preeminent source of reference and guidance on credit management practices in the financial banking industry (Uganda Bankers' Association, 2017). The team aims to support the objective of Centenary Bank through providing information and guidance to enable theimplementation and maintenance of an effective credit portfolio and to identify, analyse and mitigate the credit risks that threaten the attainment of the financial institution'sobjectives of profitability and sales growth (Centenary Bank credit report, 2020).

Due to effective credit management, Centenary Bank has registered low credit risk and therefore its loan portfolio has been one of the best performing in the commercial banking industry in Uganda (Bank of Uganda, 2019). Through its elaborate credit manuals formulated in compliance with the financial institution credit policy aimed at managing credit risk and also constant training of staff in the field of credit management, the institution has celebrated profitability for over the last five (5) consecutive years (Audited financial statement, 2020).

Despite all the above measures that Centenary Bank has undertaken to manage credit, it is unfortunate that the financial institution continues to experience some bad debts and declining profitability levels (Milton, 2017). Poorly planned credit products and partnerships have been common, a situation associated to an ill- managed credit management system in the commercial bank (Barth et al., 2018). The increases in net loss and bad debts have had an adverse effect of reducing on the sales revenue and profitability of the financial institution (Chijoriga, 2017 & Bewley et al, 2018). It is on this basis that this study was undertaken to examine the effect of credit management on the performance of financial institutions in Uganda, using Centenary Bank as a case study.

Objectives of the study

This study was guided by the following objectives

1. To examine the effect of credit terms on financial performance of Centenary Bank, Gulu Branch
2. To analyse the effect of credit assessment on financial performance of Centenary Bank, Gulu Branch
3. To investigate the relationship between credit control and financial performance of Centenary Bank, Gulu Branch

Research Questions

The study was guided by the following research questions

1. What is the effect of credit terms on financial performance of Centenary Bank Centenary Bank, Gulu Branch?
2. What is the effect of credit assessment on financial performance of Centenary Bank, Gulu Branch?
3. What is the relationship between credit control and financial performance of Centenary Bank, Gulu Branch?

Hypothesis of the study.

Ho: There is no relationship between the effect of credit terms and financial performance of Centenary Bank Centenary Bank, Gulu Branch

Ha: There is a relationship between the effect of credit terms and financial performance of Centenary Bank Centenary Bank, Gulu Branch

Ho: There is no relationship between the effects of credit assessment on financial performance of Centenary Bank, Gulu Branch

Ha: There is a relationship between the effects of credit assessment on financial performance of Centenary Bank, Gulu Branch

Ho: There is no relationship between the relationship between credit control and financial performance of Centenary Bank

Ha: There is a relationship between the relationship between credit control and financial performance of Centenary Bank

METHODOLOGY

Research Design

A research design is a strategy for conducting the research that specifies the procedures necessary to obtain the information needed to structure and solve the research problems (Cooper and Schindler, 2017). The descriptive design was adopted, which aimed at assessing the effect of credit management on the performance of financial institutions in Uganda. The descriptive research design refers to the systematic process of gathering descriptions of existing phenomena in order to describe or explain what is going on (Ololube, 2019).

A descriptive research design was adopted for the study since it focuses on the people as well as their attributes which enable the investigator to understand and examine the influence of credit management on the performance of financial institutions in Uganda. This was achieved using a survey questionnaire, observation schedule, and document analysis.

In addition, the descriptive design empowered the respondents to reply to questions administered through interviews or questionnaires and describe the responses given. Thus, it was used to assess thoughts, opinions, and feelings of the respondents (Zechmeister & Jeanne, 2011).

Sample size and selection

A sample size refers to the number of subjects in a sample (symbolized by n) or a subset of a population (Creswell, 2017). Based on the Krecjie and Morgan (1970) sampling table the sample size was 40 respondents

Sampling Techniques and Procedures

The study employed both probability and non-probability sampling techniques.

Probability sampling

A probability sampling method is any method of sampling that utilizes some form of random selection. In order to have a random selection method, you must set up some process or procedure that assures that the different units in your population have equal probabilities of being chosen. The probability sampling approach involves selecting a sample in such a way that all the elements in the population have same chances of being selected (Amin, 2019). The simple random sampling technique was also used such that all population elements are accorded a proportionate likelihood of being nominated within the sample.

Purposive sampling

This is a non-probability approach where the items in the population do not have a well-defined chance of being selected (Amin, 2019). Purposive sampling was used whereby the researcher used his own decision and experience to determine which employees have in-depth information to take part in the study. Thus the selection of the respondents was based on the researchers understanding with the respondents' possession of the required information. Therefore, purposive sampling was conducted for the top management staff of the bank branch.

Data Collection Methods

Quantitative data

Quantitative data was collected using questionnaire survey method

Questionnaire Survey Method

The questionnaire survey method is a set of questions used to obtain information from a large group of people in a given study (Amin, 2019). The questionnaire was an effective method of data collection due to the following advantages: it is standardized since the same wording is used each time it's administered; it ensured confidentiality through use of a coding system. Thus it can cover embarrassing, socially undesirable or illegal topics; it was cheaper to administer among others (Barker et al., 2017). The method was used to collect data from middle-level staff and other lower level staff within the bank because they were directly involved in the operations of the SMEs.

Qualitative data

Qualitative data was collected using the interview guide.

Interview Method

An interview is a data-collection technique that involves oral questioning of respondents, either individually or as a group (Chaleunvong, 2019). The responses to the interview questions was written down and also recorded on tape during the interview.

In-depth interviews were used to obtain data from key informants such as the proprietors and top management staff who were purposively selected because of the information they held. Interviews were of great advantage since they enabled the researcher to establish rapport with the respondent which enabled the interviewer to: asked follow-up questions, in order to clarify the respondent's meaning, probe for material that the respondent does not mention spontaneously and get beyond superficial responses; ensured that the respondent answers all the questions; gave more complicated instructions and checked that they were understood; varied the order of the questions among others (Barker, et al., 2017).

Data Collection Instruments

Questionnaires

Self-Administered Questionnaires (SAQ) was employed to gather data from the study elements in a structured manner. SAQs with one open ended question per section was designed for SME employees to give additional or express their mind while the rest was close-ended aimed at testing perception using a five-point Likert scale measuring from Strongly Disagree as response 1, Disagree as response 2, Not sure as response 3 Agree as response 4 and Strongly Agree as response 5 for easy measurements of variables (Jackson, 2019).

Interview Guide

An interview refers to a data collection technique that involves face-to-face, telephone or focus group discussions between the researcher and the interviewee(s) (Creswell, 2017). The guide involved unstructured and generally open-ended questions that allowed probing for in-depth information from participants. This guide enabled the gathering of facts from the bank, and other top management officers in these enterprises since these people have in-depth information concerning taxation policies and the performance of bank.

Data Collection Procedures

An introductory letter from Metropolitan International University research directorate was obtained after submitting the research proposal to enable the researcher to collect data from the field. Upon establishing the validity and reliability of instruments to be used, the researcher gathered raw information from the field. Data collection, processing, and analysis were undertaken by the researcher herself.

Data Analysis

This is the process of bringing order, structure, and meaning to the mass of raw information gathered for purposes of getting a feel for reliability and testing the research questions (Sekaran, 2018). Initially, data was entered into MS Excel computer program for cleaning. The data was also imported to SPSS version 23 statistical software for investigation. Quantitative data analysis entailed descriptive statistics and inferential statistics. Descriptive statistics involved analysis using frequencies, percentages, mean, charts, and standard deviation. The Analysis of central tendency and dispersion based on; a 5-point Likert scale ranging from strong agree to strong disagree.

Similarly, inferential statistics was done based on the Pearson's correlation coefficient and linear regression analysis.
Quantitative data was analyzed by reporting of summary results in numerical terms and was presented using a percentage distribution technique but maintaining a specified degree of confidence (Creswell, 2017). While Qualitative data was analyzed in the form of texts and themes, yet impressions was examined and presented using descriptive methods for in depth analysis to be generated from views of the respondents and to allow the reader to make their opinions freely (Bryman & Bell, 2017). In addition, qualitative data is flexible, needs more checking and auditing at all steps of the analysis as well as careful archiving of each step of the analysis for later checking. Conversely, qualitative research offers an overall approach that provides the backbone for the analysis (Strauss & Corbin, 2018).
Closed-ended questions were recorded and then the answers to each question were checked by the respondent as deemed suitable. This was done to all the questionnaires, after which the mean, standard deviation, and percentages were computed from the responses given. Thematic analysis was done for the open ended questions whereby the participants' responses were organized in themes based on the study objectives (Freebody, 2017). For individual interviews, these were used to produce data in the form of notes to develop a summary of the findings.

RESULTS

Demographic Characteristics of Respondents

The respondent's basic information was looked at in terms of gender, group (age), number of years working with the BANK and level of education.

Age group (gender)

The age group of the respondents was revealed as shown below:

Table 1: Shows respondents' Gender

Gender	Total	Percentage
Male	13	43
Female	17	57
Total	**30**	**100**

Source: Primary data 2022

From table 1, 43% of the respondents were males while 57% of them were females. This implies that the data obtained was gender unbiased because the employees of the bank are more of females than males.

Respondents' age group

The respondents were categorized into various age groups as illustrated below;

Table 2 show the number of respondents

Group	Number of Respondents	Percentage of respondents
Below 25yrs	7	23%
26-30yrs	15	50%
31-35yrs	5	17%
Above 36yrs	3	10%
Total	**30**	**100%**

Source: Primary data 2022

From table 2, 7 respondents (23%) were below 25 years of age, 15 respondents were between 26-30 years, 5 respondents (17%) were between 31-35 years and 3 respondents (10%) were above 36 years of age. Majority of the respondents were therefore aged between 26-30 years which is a very active and productive age bracket.

Level of Education

The response about the education level of the respondents was presented below:

Table 3: Shows level of education of respondents

Education level	No. of respondents	Percentage (%)
Primary	5	17
Secondary	7	23
Diploma	10	33
Degree	6	20
Others	2	7
Total	**30**	**100**

Source: Primary data 2022

The findings in the table above show that 17% have primary education qualification, 23% have secondary education qualification, 33% of the respondents are diploma holders, 20% are degree holders, and only 7% have other qualification. This implies that data for the study was obtained from all levels of academic qualification respondents.

Ownership of the BANK

The response about ownership of the BANKs can be summarized as shown below

Table 4 Description of respondents by ownership of business

Ownership	No. of respondents	Percentage
Owner	21	70
Employee	9	30
Total	30	100

Source: Primary data, 2022

Table 4 shows that majority of the respondents 21(70%) were business owners as compared to 9(30%) who were employees. This implies that the respondents were valid and reliable since the owners of the business had key information regarding their business and contribution of credit facilities towards the performance of financial institutions as compared to having real information about these dynamics

Duration the employees have been in the firm

The respondents were asked for how long they have been working in the bank. However, the responses to the question were tabulated as indicated below:

Table 5: Shows duration the employees have worked with the THE BANKs

Duration	No. of respondents	Percentage (%)
1- 2 years	2	6
3-4 years	7	23

5-7 years	18	60
Above 7 years	3	10
Total	**30**	**100**

Source: Primary data 2022

The findings in the table above show that 60% of employees have worked in the bank for a period of 5-7 years which therefore is an indication of low labour turnover, 23% have worked forthe period between 3-4 years 10% have been working for over 7 years and only 6% have been in the firm for a period between1-2 years. This implies that the data was obtained from respondentswho had gotten experience in working with the banks and were also more familiar with different operations of the banks.

Credit financing

According to the conceptual framework in chapter 1, the independent variable was Creditfinancing conceptualized as Bank loans, Trade credit and Bank overdraft as illustrated below

Responses on credit financing facilities of Centenary bank

Table 6 Responses on credit financing facilities of Centenary bank

Statement	Strongly disagree	Disagreee	Notsure	Agree	Stronglyagree
Bank loan					
I use bank loans to supplement mycapital in operating the business	3 (10%)	2 (6%)	1 (3%)	6 (20%)	18 (60%)
I can afford the terms and conditionsgiven to me by the bank	10 (30%)	5 (17%)	0 (0%)	4 (13%)	10 (33%)
The loan size I get is adequate	10 (33%)	7 (23%)	5 (17%)	5 (17%)	3 (10%)
The loan period given to me isenough	10 (33%)	5 (17%)	2 (6%)	4 (13%)	9 (30%)
The credit officers have enough skillsand experience to handle delinquent clients	5 (17%)	3 (10%)	1 (3%)	15 (50%)	11 (37%)
I am always briefed about the bank loan terms and conditions before I geta loan.	15 (50%)	2 (7%)	0 (0%)	4 (13%)	9 (30%)
Overall evaluation of bank loan	9 (30%)	4 (13%)	1 (3%)	6 (20%)	10 (33%)

Table 6 shows that, 10% of the respondents strongly disagreed that they do not use bank loans to supplement their capital in operating the business, 6% disagreed, 3% were not sure, 20% agreed while 60% strongly agreed. This implies that the majority of the respondents 18 (60%) strongly agree that they use bank loans to supplement their capital.

From table 4.5 shows that 30% of the respondents strongly disagreed, 17% disagreed, 0% was not sure, 13% agreed and 33% strongly agreed that they can afford the terms and conditions given to them by the bank. It means that majority of the respondents, 14 (47%) disagreed that they can afford the terms and conditions given to them by the bank.

From the table 6 shows that, 33% of the respondents strongly disagreed, 23% disagreed, 17% were not sure, 17 agreed while 10% strongly agreed that the loan size they get is adequate. In all,majority of the respondents (56%) respondents disagreed that the loan size thy get is adequate.

From table 4.5 shows that, 33% strongly disagreed, 17% disagreed, 6% were not sure, 33% agreed yet 13% strongly agreed that the loan period given to them is enough. The implication from this is, 15 respondents (50%) disagreed that the loan period given to them is enough.

Table shows that, 17% strongly disagreed, 10% disagreed, 3% were not sure, 50% agreed while 33% strongly agreed that the credit officers have enough skills and experience to handle delinquent clients. In all, 15 of the respondent (50%) agreed that the credit officers have enough skills and experience to handle delinquent clients.

From table4.5 shows that, 3% strongly disagreed, 7% disagreed, none of the respondents werenot sure, 60% agreed while 30% strongly agreed that they are always briefed about the bank loan terms and conditions before they get a loan. A clear implication is that, 18 respondents (60%) agreed that, they are always briefed about the bank loan terms and conditions before they get a loan.

The overall evaluation of bank loan from table 4.5 indicated that, 30% strongly disagreed, 13% disagreed, 1% of the respondents were not sure, 20% agreed while 33% strongly agreed with the overall evaluation of bank loan. This clearly implies that 53% of the respondents agreed with the overall evaluation of bank loans.

Trade credit					
I always use trade credit	1 (3%)	2 (7%)	0 (0%)	10 (33%)	17 (57%)
I am aware of the terms and conditions attached to trade credit	1 (3%)	2 (7%)	1 (3%)	11(37%)	15 (50%)
I always pay back in the stipulatedtime	3 (3%)	5 (17%)	5(17%)	7 (23%)	10 (33%)
I always qualify for more trade creditfacilities	4 (13%)	5 (17%)	3(10%)	9 (30%)	9 (30%)
Without trade credit facilities, my capital would be too small to operatemy business	3 (10%)	5 (17%)	2 (7%)	12 (40%)	8 (27%)
Overall on trade credit	2 (7%)	4 (13%)	2 (7%)	10 (33%)	12 (40%)

From table 6 shows that, 3% strongly disagreed, 7% disagreed, none of the respondents was not sure, 33% agreed while 57% strongly agreed that they always use trade credit. A clear implication is that majority of the respondents (57%) strongly agreed that, they I always use trade credit always use trade credit.

From table 6 shows that, 3% strongly disagreed, 7% disagreed, 3% of the respondents were notsure, 37% agreed while 50% strongly agreed that they were always aware of the terms and conditions attached to trade credit. A clear implication is that, majority of the respondents (50%) strongly agreed that, they are always aware of the terms and conditions attached to trade credit.

From table 6 shows that 3% strongly disagreed, 17% disagreed, 17% of the respondents are notsure, 23% agreed while 33% strongly agreed that they always pay back in the stipulated time. A clear implication is that, majority of the respondents (33%) strongly agreed that, they always payback in the stipulated time.

From table 4.5 shows that, 13% strongly disagreed, 17% disagreed, 10% of the respondents werenot sure, 30% agreed while 30% strongly agreed that they always qualify for more trade credit facilities. This implies that, majority of the respondents both agree and strongly agree that, they Ialways qualify for more trade credit facilities.

From table 6 shows that, 10% strongly disagreed, 17% disagreed 7% of the respondents were not sure, 40% agreed while 27% strongly agreed that without trade credit facilities, their capital would be too small to operate their business. A clear implication is that, majority of the respondents (40%) agreed that, without trade credit facilities, their capital would be too small to operate their business.

The overall evaluation of trade credit from table 6 indicated that, 2 respondents (7%) strongly disagreed, 4 respondents (13%) disagreed, 2 respondents (7%) were not sure, 10 respondents 33% agreed while 12 respondents (40%) strongly agreed with the overall evaluation of bank loan. This clearly implies that majority of the respondents (73%) of the respondents agreed with the overall evaluation of credit financing.

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Bank overdraft					
I use bank overdraft to finance mybusiness	8 (27%)	2 (7%)	2 (7%)	10 (33%)	8 (27%)
I am aware of the terms and conditions attached on bank overdraft	3 (10%)	3 (10%)	2 (7%)	8 (27%)	14 (47%)
I have all the qualifications to begiven a bank overdraft	5 (17%)	3 (10%)	2 (7%)	10(33%)	10 (33%)
Overall on bank overdraft	5 (17%)	3 (10%)	2 (7%)	9(30%)	11 (37%)
Overall on credit financing facilities	5 (17%)	4 (13%)	2 (7%)	8 (27%)	10 (33%)

Source: Primary data 2022

From table 6 shows that, 27% strongly disagreed, 7% disagreed, 7% of the respondents are not sure, 33% agreed while 27% strongly agreed that they use bank overdraft to finance their business. A clear implication is that, majority of the respondents (33%) agree that, they use bank overdraft to finance their business.

From table 7 shows that, 10% strongly disagreed, 10% disagreed, 7% of the respondents are not sure, 27% agreed while 47% strongly agreed that they are aware of the terms and conditions attached on bank overdraft. A clear implication is that, majority of the respondents (47%) strongly agreed that, they are aware of the terms and conditions attached on bank overdraft.

From table 7 shows that, 17% of the respondents strongly disagree, 10% disagree, 7% are not sure, 33 agreed while 33% strongly agreed that they have all the qualifications to be given a bankoverdraft. In all, 10 (33%) respondents agreed as well as strongly agreed that they have all the qualifications to be given a bank overdraft.

The overall evaluation of bank overdraft results from table 7 indicated that, 5 respondents (17%) strongly disagreed, 4 respondents (13%) disagreed, 2 respondents (7%) are not sure, 9 respondents 30% agreed while 11 respondents (37%) strongly agreed with the overall evaluation of bank loan. This clearly implies that majority of the respondents (67%) of the respondents agree with the overall evaluation of bank overdraft.

Overall evaluation of trade credit from table 7 indicated that, 5 respondents (17%) strongly disagreed, 4 respondents (13%) disagreed, 2 respondents (7%) are not sure, 8 respondents 27% agreed while 10 respondents (33%) strongly agreed with the overall evaluation of bank loan. This clearly implies that majority of the respondents (60%) of the respondents agreed with the overall evaluation of credit financing

An evaluation of the growth of the bank of the Centenary bank

Table 8: Responses on the performance of financial institutions in Centenary bank

Statement	Strongly disagree	Disagree	Notsure	Agree	Stronglyagree
My business continues to expand	1 (3%)	2 (7%)	1 (3%)	15 (50%)	11 (37%)
Sales volumes of my business arealways increasing	3 (10%)	6 (20%)	2 (7%)	12 (40%)	9 (30%)
The profit levels of my business arealways increasing	0 (0%)	3 (10%)	2 (7%)	10 (33%)	10 (33%)

I have been able to open more branchesfor this business	3 (10%)	5 (17%)	2 (7%)	8 (27%)	12 (40%)
There is always excess of income overexpenditure	8 (27%)	5 (17%)	5 (17%)	5 (17%)	7 (23%)
I have acquired more assets in mybusiness	5 (17%)	6 (20%)	0 (0%)	10 (33%)	9 (30%)
I have added more working capital	2 (7%)	1 (3%)	0 (0%)	15 (50%)	12 (40%)
I compete favourably with people in thesame business	5 (17%)	3 (10%)	0 (0%)	10 (33%)	12 (40%)
I take and make simple records in mybusiness	3 (10%)	7 (23%)	0 (0%)	8 (27%)	11 (37%)
I employ now more people in the business compared to when I started it.	3 (10%)	3 (10%)	0 (0%)	10 (33%)	14 (47%)
Overall evaluation of performance of financial institutions	3 (10%)	4 (13%)	1 (3%)	11 (37%)	11 (37%)

Source: Primary data 2022

From table 8 shows that, 3% of the respondents strongly disagree, 7% disagree, 3% are not sure, 50% agree while 37% strongly agree that their business continues to expand**.** This implies that majority of the respondents (15 respondents) agree that their business continues to expand.

From table 8 shows that, out of the 30 respondents, 10% strongly disagree that sales volumes of my business are always increasing, 20% disagree, 7 % are not sure, 40% agree while 30% strongly agree that sales volumes of my business are always increasing. From the above information, it implies that, 12 respondents (40%) which is the majority of the respondents agree that sales volumes of my business are always increasing.

From table 8 shows that, none of the respondents strongly disagree, 7% disagree, 3% are not sure, 40% agree whereas 33% strongly agree that the profit levels of their business are always increasing. It means that, majority of the respondents (40%) agree that the profit levels of their business are always increasing.

Table 8 shows that, 10% strongly disagree, 17% disagree, 7% are not sure, 27% agree while 40% strongly agree that they have been able to open more branches for this business. In all, 12out of the 30 respondents agree that they have been able to open more branches for their business

Table 8 show that, 17% strongly disagree, 17% disagree, 7% are not sure, 23% agree while 33% strongly agree that there is always excess of income over expenditure in their businesses. From this information, it means that majority of the respondents (33%) strongly agree that there is always excess of income over expenditure in their businesses

Table 8 shows that, 17% of the respondents strongly disagree that they have acquired more assets in their businesses, 20% disagree, none of them is not sure, 33% agree whereas 30 strongly agree that they have acquired more assets in their business. It therefore implies that, majority of the respondents agree that, they have acquired more assets in their businesses.

Table 8 shows that, 7% of the respondents strongly disagree, 3% disagree, none of the respondents is not sure, 50% agree while 40% strongly agree that they have added more workingcapital to their the bank. This means that, 50% of the respondents agree that they have added more working capital to their businesses

Table 8 illustrates that 17% of the respondents strongly disagree that they can compete favourably with people in the same business, 10% disagree, no one is not sure, 10% agree while 40% strongly agree. This implies that the latter are the majority

Table 8 shows that, 10% of the respondents strongly disagree, 20% disagree, none of them is not sure, 27% agree while 37% strongly agree that they take and make simple records in their business. It implies that, 37% of all the respondents can make simple records of their businesses

Table 8 shows that, 10% strongly disagree, 10% disagree, 0% are not sure, 33% agree while 47% strongly agree that they employ now more people in the business compared to when they started it. All in all, 47% of the respondents strongly agree that they employ now more people in the business compared to when they started it.

The overall evaluation of the performance of financial institutions from table 4.5 indicated that, 3 respondents (10%) strongly disagree, 4 respondents (13%) disagree, 1 respondent (3%) is not sure, 11 respondents 37% agree while 11 respondents (37%) strongly agree with the overall evaluation of bank loan. This clearly implies that majority of the respondents (74%) of the respondents agree with the overall evaluation of the performance of financial institutions.

Finding of the study support the literature of Kotler 2000, according to Kotler (2000), "the company's growth will be determined by the increase in rate of growth of its market share". The study also proved performance of financial institutions in relation to increase in market share among other factors

Table 9: Respondents' rating on whether there is a relationship between credit facilities andgrowth of selected the bank of Centenary bank

Statement	Strongly disagree	Disagree	Not sure	Agree	Stronglyagree
Credit facilities have assisted me toexpand my business	3 (10%)	5 (17%)	0 (0%)	12 (40%)	10 (33%)
Trade Credit has been influential inincreasing the sales volume of my business	4 (13%)	4 (13%)	2 (7%)	10 (33%)	10 (33%)
Bank overdrafts have assisted me to increase the profitability of this business	5 (17%)	3 (10%)	2 (7%)	8 (27%)	12 (40%)
Bank loans have helped me to establishnew branches	3 (10%)	6 (20%)	1 (3%)	10 (33%)	10 (33%)
Trade credit have helped me to increasethe profitability of this business	2 (7%)	2 (7%)	0 (0%0	10 (33%)	16 (53%)
Trade credit has helped me to operateeven if I do not have enough money	5 (17%)	5 (17%)	2 (7%)	10 (33%)	13 (43%)
Bank loans are important in my businessgrowth	1 (3%)	2 (7%)	1 (3%)	12 (40%)	14 (47%)
Overall evaluation on the relationship between credit financing and performance of financial institutions	3 (10%)	4 (13%)	1 (3%)	10 (33%)	12 (40%)

Source: primary data 2022

From table 9 shows that, 10% of the respondents strongly disagree, 17% disagree, 0% are not sure, 40% agree while 33% strongly agree that credit facilities have assisted them to expand theirbusiness. This means that majority of the respondents (40%) agree that credit facilities have assisted them to expand their business.

Table 9 shows that, 13% of the respondents strongly disagree, 13% disagree, 7% are not sure, while those who agree and those who strongly agree are 33% that trade credit has been influential in increasing the sales volume of their business. This in all implies that, majority of the respondents both agree and strongly agree that trade credit has been influential in increasing the sales volume of their business.

Table 9 shows that, 17% strongly disagree, 10% disagree, 7% are not sure, 27% agree yet 40%strongly agree that bank overdrafts have assisted them to increase the profitability of their business. All in all, 40% (majority) strongly agree that bank overdrafts have assisted them to increase the profitability of their business.

Table 9 shows that 10% of the respondents strongly disagree, 20% disagree, 3% are not sure, 33% agree while 33% also strongly agree that bank loans have helped them to establish new branches. From the above information, it means that, majority of the respondents both agree and strongly agree that bank loans have helped them to establish new branches.

Table 9 shows that, 7% of the respondents both disagree and strongly disagree, none of the respondents is not sure, 33% agree while 53% strongly agree that trade credit have helped themto increase the profitability of their business. It therefore implies that majority of the respondents (53%) strongly agree that trade credit has helped them to increase the profitability of their business.

Table 9 shows that, 17% of the respondents strongly disagree, 17% disagree, 7% are not sure, 33% agree while 43% strongly agree that trade credit has helped them to operate even if they do not have enough money. This clearly implies that majority of the respondents (43%) strongly agree that trade credit has helped them to operate even if they do not have enough money.

Table 9 shows that, 3% of the respondents strongly disagree, 7% disagree, 3% are not sure, 40% agree while 47% strongly agree that bank loans are important in their business growth. Thisclearly implies that majority of the respondents (47%) strongly agree that bank loans are important in their business growth.

The overall findings on the relationship between credit financing and performance of financial institutions from table 9 indicated that, 3 respondents (10%) strongly disagree, 4 respondents (13%) disagree, 1 respondent (3%) is not sure, 10 respondents 33% agree while 12 respondents (40%) strongly agree with the overall evaluation of bank loan. This clearly implies that majority of the respondents (73%) of the respondents agree with the overall evaluation of bank overdraft.

The findings on the relationship between credit financing and performance of financial institutions agree with the study of Professor Karlan (2003), of Yale University which stated that, micro financing begets the general tendency of a small business initially supported on credit to gain profits with time and generate micro savings. In his latest study, the famous two time Pulitzer Prize winner, Nicholas Dona bet Kristof also stated that there is no evidence of any negative influence of microfinancing but countless examples of people now looking at the bigger picture and saving for better things have surfaced.

The relationship between credit financing and performance of financial institutions

This section addresses the third objective of the study which was to analyse the relationshipbetween credit financing and performance of financial institutions. The results are presented as below;

Table 10: Correlations

			credit financing	Performance of financial institutions
Spearman's rho	Credit financing	Correlation Coefficient	1.000	.669*
		Sig. (2-tailed)	.	.035
		N	30	30
	Performance of financial institutions	Correlation Coefficient	.669*	1.000
		Sig. (2-tailed)	.035	.

N	30	30

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

Ho: There is no relationship between the relationship between credit control and financial performance of Centenary Bank
Ha: There is a relationship between the relationship between credit control and financial performance of Centenary Bank
There is a strong positive correlation coefficient (0.669) between the credit control and financial performance of centenary bank and this shows that credit control is statistically significant at 95% confidence interval since the probability (0.035) is less than the critical value (0.05) and therefore we reject the null hypothesis and conclude that credit control has a great influence on financial performance

Conclusion

The study discovered a strong relationship between credit financing and performance of financial institutions. This analysis of credit financing facilities and the growth of the bank is an important contribution to the literature of evaluating micro finance activities. The study findings showed that credit financing facilities enable the bank improve on performance thus overall growth. From the rank correlation considered in the study, there is a positive relationship between the variables.

Recommendations

From the study findings, the researcher recommends the following;
Banks should devise means they deliver credit financing facilities, improve terms and conditions under which financial institutions offer various credit facilities to bank.
The government of the republic of Uganda should partner with other financial institutions to provide subsidized financial/credit assistance to bank with little interest rates
There should be assessing the needs of clients so as financial institutions develop creditfacilities that best suit them.
Financial institutions should put in a provision of loan repayment periods extension for t he bank. More credit need to be availed to the bank given their significant rolein the economic growth and development.

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