



## **CORPORATE GOVERNANCE, CREDIT RISK MANAGEMENT AND LOAN PORTFOLIO QUALITY OF REGISTERED MICROFINANCE INDUSTRY IN UGANDA A CASE OF KAMPALA DISTRICT**

### **ABSTRACT**

The study examined the relationship between corporate governance, credit risk management and loan portfolio quality in Microfinance Institutions in Uganda taking a case study registered MFIs in Kampala district. The purpose of the study was to examine the relationship between corporate governance, credit risk management and loan portfolio quality in registered MFIs in Kampala district. The study had three specific objectives; 1) To examine the relationship between corporate governance and loan portfolio quality in the registered Microfinance institutions in Uganda, 2) To analyze the relationship between credit risk management and loan portfolio quality in the registered Microfinance institutions in Uganda, 3) To assess the relationship between corporate governance and credit risk management of registered microfinance institutions in Uganda.

A cross sectional survey design was used to collect data and data was analyzed using a Statistical Package for Social Scientists (SPSS) software V19. The findings revealed corporate governance is positively correlated with loan portfolio quality through board accountability and board transparency. The study also shows a significant positive relationship between corporate

governance and credit risk management as well as between credit risk management and Loan portfolio quality.

The study recommended that MFIs in Kampala district should improve on corporate governance through availing the board with training on proper accountability and transparency, and also improve on credit risk management through taking credit managers and loan officers into rigorous trainings focusing on adverse selection and moral risks in order to improve their skill in assessing client's credit worthiness.