



IMPROVING LOAN REPAYMENT IN EQUITY BANK-UGANDA

ABSTRACT

The purpose of the study was to establish how to improve loan repayments in commercial banks particularly Equity bank (Katwe Branch). The study was guided by the following objectives; to establish the level of loan performance at Equity Bank, to investigate factors hindering loan repayment performance at Equity Bank, and to make recommendations on improving loan performance at Equity bank.

The research employed a cross sectional research design which helped in collecting opinions, ideas and perceptions of the respondents on issues regarding interest rates and loan repayment. The sample size table developed by Krejcie & Morgan, (1970) was used to determine the number of respondents to be interviewed. A total of 75 respondents therefore was used in this study with the selection base at 5% level of precision. Questionnaire was used as a tool by the researcher through employing a self administered questionnaire to respondents. Data was analyzed using SPSS 11.0 computer package. The output of the analysis was presented in form of tables and graphs.

Findings revealed that Business men are the most clients that get loans from equity bank, most loan products offered by equity bank are micro enterprise and consumer, most loans taken by clients are used for personal/family needs, and Credit Registry is not always checked for borrower current debt levels and repayment history. Besides that the loan repayment performance at Equity Bank for last 3 years is weak, borrowing large amounts is the most factor hindering loan repayment performance at Equity Bank.

In conclusion most men are the ones who borrow from equity bank, and this calls for more loan services be issued to women

It was recommended that Management of Equity Bank needs to consider cash flow needs for the immediate future before issuing out the loans to their members, and needs to first assess the deposits level before issuing out loans to their members.