
**CASH MANAGEMENT ON THE PROFITABILITY OF FINANCIAL INSTITUTIONS: A CASE
OF BANK OF AFRICA UGANDA: NANSANA BRANCH**

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Abstract

The purpose of the study was to establish the effect of cash management on the profitability of financial institutions with specific emphasis on establishing the various cash management techniques, the level of profitability and the relationship between cash management and profitability of Bank of Africa. The research design adopted in this study was a case study design. The study population included the staff of Bank of Africa on Nansana Branch a total of 30 respondents was selected for the study. Simple random sampling was used to select respondents in the field. The questionnaires were used and administered to the employees working with the bank. Data from the questionnaires was coded, entered, edited for consistency and easiness in and later analyzed using Statistical Package for Social Scientists (SPSS) where correlation was used to establish the relationship between cash management and profitability of Bank of Africa. Regarding the study findings, it was revealed that cash management in bank of Africa affects profitability levels. The findings also showed that the bank employs several cash management techniques in order to reduce fraud of cash in the bank. The study also showed that profitability levels were high in the bank. Findings on cash management in Bank of African, it was revealed that the cash management techniques are in place but they are not so effective. The bank carries out cash planning, it prepares cash budgets, tries to maintain some cash balance but it's not optimum, all of these are done by the bank but are not effective. The researcher recommended that there is need for deploying a cash management system which involves support and coordination among multiple departments. Banks need to pick the right cash management provider who can coordinate the physical and technological installation of the system can significantly

expedite and smooth the process of ensuring profit maximization. Each department should carefully consider features and functionality that will be required for a successful deployment and utilization of cash management which also increases profitability.

Key words: cash management, profitability and financial institutions

Background of the study

Cash management is a broad term that refers to the collection, management and distribution of cash. Its purpose is to manage the balance of the business to maximize the use of money not invested in assets or products and avoid business Copy risk. Factors analyzed as part of cash management include the company's earnings, cash management, and short-term investment strategies. (Springer, 2005). Cash management is a broad term that encompasses many functions that help individuals and businesses manage payments in a coordinated and efficient manner. Managing cash assets today uses a range of services usually provided by banks and other financial institutions (Malcolm & Harris, 2010). Cash management services range from simple checkbooks to cash bond investments and other securities and easy cash collection software (J&M, 2019).

Ranson (2005) defines cash management as the process that a company creates to ensure it always has the best cash flow. He also explained that businesses should try to cover cash receipts and expenses to avoid excess cash. In this argument, the company should focus on the deficit, as income is paid for cash out.

cash management; Today, the main purpose of most organizations is to show financial performance (Deus, 2023). For example, an organization's financial performance is often affected by the performance of the organization's value chain. According to Larsson (2000), the effectiveness of the value chain can be improved if organizations manage and adjust their financial practices. The management of an organization's working capital or cash is a potential but often overlooked part of an organization's financial practices (Christopher, 2022).

Cash Management offers large amounts of cash that can be continuously released in a short period of time, but organizations or companies that do not comply with cash management rules will compete in decline (Loneoux and Fazeeria, 2004).

Therefore, in this context, this study aims to understand whether cash management in African banks affects operating profitability (Annet et al., 2023).

Problem Statement

Financial institutions use certain strategies to manage cash and ultimately increase their profits, but this is not the case for some financial institutions in Uganda. For example, in previous years (2017, 2018 and 2019), the results of sales volume decreased despite the management of cash flow and procedures (Akankwasa et al., 2022).

This is the result of poor financial management and inadequate budgeting, as evidenced by money laundering and fraud among African banks. Unless the situation is checked, banks will not be able to fulfill their daily obligations (Yeni Vizyon, 15. Thursday 2019). Therefore, given the above, researchers need to determine whether the loss of profits is due to poor financial management.

Objectives of the study

- 1. To establish the various cash management techniques used by Bank of Africa*
- 2. To find out the level of profitability in Bank of Africa*
- 3. To establish the relationship between cash management and profitability of Bank of Africa.*

Research questions

- 1. What are the various cash management techniques used by Bank of Africa?*
- 2. Which is the level of profitability in Bank of Africa?*
- 3. What is the relationship between cash management and profitability of Bank of Africa?*

Methodology

Research design

The research design adopted in this study was a case study design. This study emphasized detailed contextual analysis of a limited number of events or conditions and their relationships. The study used both qualitative and quantitative (Creswell, 2003) asserts that a mixed methods design is useful to capture the best of both quantitative and qualitative approaches. Qualitative techniques helped the researcher to come up with conclusions on variables that would not be measured quantitatively while quantitative techniques facilitated establishing values attached to numerical variables.

Study population

This section included a collection of study units for which samples of interest were possibly determined. The study population which consisted of a cross section of the finance, Bank tellers, marketing department, administration, disposal unit, data and information department of the institution. The study population comprised of 60 representatives of Bank of African Nansana Branch, including bank manager & bank top administrators, marketing department, banking officers, account& finance department and bank customers. These were chosen because would offer, receive and manage the services respectively.

Sample size

A sample size representative of the study population was selected using simple random sampling and purposive sampling. A representative sample, according to Gall and others (1996) gives results that can be generalized to the study population. The sample size was determined using Krejcie and Morgan (1970) technique of sample size determination and a total of 30 respondents were selected for the study. Simple random sampling was used to select respondents in the field using judgmental analysis; a sample size of 30 people / respondents was used for the sake of obtaining

accurate data. Whereby 5 of these were from information and data management Bank of African Bank employees, 10 from administration, 05 from stores and 15 from finance and accounting department.

Sampling procedures

Sample selection was by use of probability sampling technique especially simple random sampling and purposive sampling. Simple random sampling was used because the study intended to select a representative without bias from the accessible population (Oso and Onen, 2005).

The study used convenient sampling in the choice of respondents. That is to say, for instance, the researcher interviewed the bank manager who was present on the day when the interview took place and those who were absent were automatically excluded; the same applied to Bank employees however for the Bank Customer, the Bank Tellers used to select them depending on willingness of employees since some refused to participate in the research.

Data collection instruments and methods

Questionnaire

The study used a self-administered questionnaire and semi structured instruments to collect data from bank employees McMillan and Schumacher (2001) recommend a questionnaire if the researcher knows that the respondents are in position to answer the questionnaire.

The questionnaires were used and administered to the employees working with the bank. The self-administered questionnaires were popular because the respondents filled them at their own convenience and were appropriate for large samples. Some questions were open ended while others close ended.

Data Presentation

Both quantitative and qualitative methods were used during data analysis. Quantitative data involved use of frequencies, tables against their percentages, that

is pie chart and these were showing values that aided in data interpretation using SPSS (Nelson et al., 2022). Qualitative data were presented in writing useful information from the respondents as presented in relation to the study variables. After collecting all the necessary data, these data were coded and edited, analyzed and rephrased to eliminate errors and ensure consistency. Both qualitative and quantitative data analysis was used. Qualitative data was analyzed in the field as it was being collected (verbatim reporting) using coding sheets while quantitative was analyzed by using computer programs like Microsoft word and Microsoft excel. Also under qualitative analysis, thematic analysis was used and in quantitative data analysis; graphs, tables and pie charts were used for data analysis and presentations of findings.

RESULTS

Table 1: Sex of respondent

Sex	Frequency	Percent	Valid Percent	Cumulative Percent
<i>Male</i>	21	70.0	70.0	70.0
<i>Female</i>	09	30.0	30.0	100
Total	30	100	100	

Source: Primary Data 2022

The results in the table above show that 70% of the respondents were males whereas only 30% were females implying that the males were more willing and available to participate in the study. Thus, there are many men as compared to women employed in the different sections of Bank of Africa that were approached

Table 2: Age of respondents

Age	Frequency	Percent	Valid Percent	Cumulative Percent
<i>Below 19</i>	-	-	-	-
<i>19-25</i>	9	30.0	30.0	30.0

26-40	15	50.0	50.0	80.0
Above 40 years	6	20.0	20.0	100
Total	30	100	100	

Source: Primary Data 2022

Regarding the age, 50% were aged between 26-40 years whereas 20% were aged above 40 years with 10% revealing that they were aged between 19-25 years. The above findings implied that the respondents were old enough to provide the required information about the study.

Table 3: Qualification of respondents

Qualification	Frequency	Percent	Valid Percent	Cumulative Percent
Certificate	3	10.0	10.0	10.0
Diploma	9	30.0	30.0	40.0
Degree	15	50.0	50.0	90.0
Masters	3	10.0	10.0	100
Total	30	100	100	

Source: Primary Data 2022

Regarding qualification, 50% had attained degrees, followed by 30% who had attained diploma with only 10% and 10% revealing that they had certificates and master's degrees respectively. The findings therefore showed that the respondents had the required qualification to participate in the study.

Table 4: Period of stay in the bank

Period	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 1 year	6	20.0	20.0	20.0
1-5 years	15	50.0	50.0	70.0
6 years and above	9	30.0	30.0	100

Total	30	100	100	
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Source: Primary Data 2022

On the issue of stay in the bank, 50% said that they had worked and stayed in the bank for a period between 1-5 years, followed by 30% who revealed that they had worked with the bank for a period between 6 years and above but only 20% noted that they had worked in the bank for a period less than one year. This implied that they have the right and required information regarding cash management and profitability in the bank.

Cash Management Techniques Used By Bank of Africa

Cash management techniques being used in Bank of African

Table 5 : Showing respondent on cash management techniques being used in Bank of Africa

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	18	60.0	60.0	60.0
No	3	10.0	10.0	70.0
Not sure	9	30.0	30.0	100
Total	30	100	100	

Source: Primary Data 2022

Regarding the issue whether there existed cash management techniques in the bank, 60% of the respondents revealed that cash management techniques existed in Bank of Africa whereas 30% said that they were not sure whether the techniques existed but 10% noted that cash management techniques did not exist.

Rating the effectiveness of cash management in Bank of Africa Uganda

Table 6: Showing respondent on rating the effectiveness of cash management in Bank of Africa Uganda

<i>Response</i>	<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>	<i>Cumulative Percent</i>
<i>Effective</i>	18	60.0	60.0	60.0
<i>Ineffective</i>	9	30.0	30.0	90.0
<i>I don't know</i>	3	10.0	10.0	100
<i>Total</i>	30	100	100	

Source: Primary Data 2022

Regarding the effectiveness of cash management in the bank, majority of the respondents (71.7%) revealed that cash management was effective with 11.6% disagreeing that cash management was ineffective but 16.7% said that they didn't know whether cash management was effective in the bank implying that cash management was effective in Bank of Africa.

Bank of African invest its excess cash balances in marketable securities

Table 7: shows how the bank invests its excess cash balances in the marketable securities

<i>Response</i>	<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>	<i>Cumulative Percent</i>
<i>Strongly agree</i>	9	30.0	30.0	30.0
<i>Agree</i>	12	40.0	40.0	70.0
<i>Disagree</i>	6	20.0	20.0	90.0
<i>Strongly disagree</i>	3	10.0	10.0	100.0
<i>Not sure</i>	00	00.0	00.0	100.0
<i>Total</i>	30	100.0	100.0	

Source: Primary Data 2022

From the findings, 30% of the respondents strongly agree that the bank invests its surplus cash balances in marketable securities, 40% agree, 20% disagree, and 10% strongly disagree. It was established that the bank invests surplus cash in marketable

securities but it's always once in a while which at times is not beneficial. This in one way or the other affects the profitability of the bank.

The bank puts aside money for precaution and speculation motives

Table 8: showing how the bank sets aside money to cater for speculation and precaution motives.

<i>Response</i>	<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>	<i>Cumulative Percent</i>
<i>Strongly agree</i>	6	20.0	20.0	20.0
<i>Agree</i>	9	30.0	30.0	50.0
<i>Disagree</i>	8	26.7	26.7	76.7
<i>Strongly disagree</i>	4	13.3	13.3	90.0
<i>Not sure</i>	3	10.0	10.0	100.0
<i>Total</i>	30	100.0	100.0	

Source: Primary Data 2022

The majority of the respondents represented by 30% agree that the bank sets aside money to cater for unforeseen factors, 20% strongly agree, 26.7% disagree, 13.3% strongly disagree, while 10% were not sure. However much the biggest percentage say the bank pus aside money for unforeseen factors, it was established that the money that is set aside to cater for those factors is little, this affects the profitability.

Optimum cash balance

Table 9: shows responses on the optimum cash balances of Bank of African limited

<i>Response</i>	<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>	<i>Cumulative Percent</i>
<i>Strongly agree</i>	6	20.0	20.0	20.0

<i>Agree</i>	4	13.3	13.3	33.3
<i>Disagree</i>	3	10.0	10.0	43.3
<i>Strongly disagree</i>	9	30.0	30.0	73.3
<i>Not sure</i>	8	26.7	26.7	100.0
Total	30	100	100	

Source: Primary Data 2022

From the findings above, 20% of the respondents strongly agree that the bank always has optimum cash balances for the day-to-day operations, 13.3% agree, 10% were not sure, 30% disagreed while 26.7% strongly disagreed. This means that the bank has failed to maintain an optimum cash balances for the day-to-day operations. Due this failure, the bank has had several shortages this was revealed to the researcher by one of the respondents in the finance department. This has also affected the profitability levels of the bank. They alluded that some debtors were in the 120 days ageing period therefore lengthening the average collection period.

Bank of African carries out cash planning?

Table 10: shows the responses on whether Bank of African limited carry out cash planning

Response	Frequency	Percent	Valid Percent	Cumulative Percent
<i>Strongly agree</i>	18	60.0	60.0	60.0
<i>Agree</i>	3	10.0	10.0	70.3
<i>Disagree</i>	6	20.0	20.0	90.0
<i>Strongly disagree</i>	2	6.7	6.7	96.7
<i>Not sure</i>	1	3.3	3.3	100.0
Total	30	100	100	

Source: Primary Data 2022

From the findings above, 60% of the respondents strongly agreed that the bank carry out cash planning, 10% agreed, 20% were not sure, 6.7% disagreed while 3.3% strongly disagreed. This implies that the bank carries out cash planning. It is from these documents that informed decisions can be made as regards forecasts, budgets, disbursements, allocations and controls and any other relevant aspect beneficial to the Bank of African. The findings properly coincided with Pandey (2003) idea of cash planning as a technique employed to direct and control the movement of cash. Having good cash planning in place shall lead to proper utilization of this cash as per planned utilities/ investments and hence leading to increased profitability

Bank of Africa takes long to pay off debts due to it

Table 11: shows the responses on how often the bank carries out the function of cash planning

Response	Frequency	Percent	Valid Percent	Cumulative Percent
<i>Strongly agree</i>	18	60.0	60.0	60.0
<i>Agree</i>	3	10.0	10.0	70.3
<i>Disagree</i>	6	20.0	20.0	90.0
<i>Strongly disagree</i>	2	6.7	6.7	96.7
<i>Not sure</i>	1	3.3	3.3	100.0
Total	30	100	100	

Source: Primary Data 2022

From the table above, 36.7% of the respondents said the bank take long to pay off debts that become due to it, 20% agreed, 30% were not sure, 10% disagreed while 3.3% strongly disagreed. This is an indicator that there is cash management but it's not used at its fullest which can affect the profitability level. Popular collection techniques cited included letters, telephone calls and personal visits.

Preparation of Cash Budgets

The researcher wanted to know whether Bank of African prepared cash budgets and responses obtained were analyzed as follows.

Table 12 : Showing Responses on preparation of cash budgets

Response	Frequency	Percent	Valid Percent	Cumulative Percent
<i>Strongly agree</i>	18	60.0	60.0	60.0
<i>Agree</i>	3	10.0	10.0	70.3
<i>Disagree</i>	6	20.0	20.0	90.0
<i>Strongly disagree</i>	2	6.7	6.7	96.7
<i>Not sure</i>	1	3.3	3.3	100.0
Total	30	100	100	

Source: Primary Data 2022

Basing on the above table, the researcher found out 26.7% of the respondents strongly agreed that the institution prepares cash budgets, 40% also agreed to the same. 10% disagreed and 23.3% strongly disagreed with the statement and most of them agreed that the company prepares cash budgets for its operations this is the most crucial cash management technique which is the basis of other cash management techniques and facilitates effective cash planning for both current cash resources and expected cash flows.

Various cash management techniques in bank of African**Table 13: Showing Cash management techniques in Bank of Africa Uganda.**

Technique	Strongly agree	Agree	Disagree	Strongly disagree	Not sure
<i>Collecting of overdue</i>	21(70%)	6(20%)	3(10%)	00	00

<i>invoices</i>					
<i>Use of accounts receivable database</i>	21(70%)	3(10%)	00	6(20%)	00
<i>Tracking of expenses</i>	18(60%)	9(30%)	3(10%)	00	00
<i>Use of credit lines</i>	18(60%)	3(10%)	00	6(20%)	3(10%)
<i>Cash Collection and Disbursement</i>	15(50%)	9(30%)	3(10%)	00	3(10%)
<i>Maintenance of optimal cash balance</i>	6(20%)	15(50%)	6 (20%)	00	3(10%)
<i>Use of cash projections</i>	6(20%)	15(50%)	3(10%)	3(10%)	3(10%)
<i>Using accounts receivables</i>	9(30%)	15(50%)	3(10%)	00	3(10%)

Source: Primary Data 2022

Regarding the techniques used in cash management, 70% agreed to the idea that collecting of overdue invoices is sued for cash management with only 20% disagreeing with the idea. Their views and opinions suggested that suppliers demanded earlier payment, customers delayed making payments, and stakeholders sought an improved cash generation and credit reduction. This view is supported by Stowe (2004) and Palom (2001), who say that suppliers demand earlier payments and failure to meet financial obligations by the corporate firms on time, owing to cash shortages mean loss of further supplies from injured suppliers. This is extremely damaging since some products would be vital to continuing business operations

Use of accounts data base and tracking expenses were also shown to be the most commonly used techniques of cash management in Bank of Africa as shown by 70% and 10% responses respectively but also 20% responses disagreed with the ideas respectively. Their views were that payments to suppliers were delayed as long as practically possible in order to make cash available which is consistent with Gitman

(2008) who postulate that that the objective of cash disbursement is to delay payments to suppliers as long as it is practically possible

More so, 60% said that they used credit lines with 10% disagreeing and 20% were not sure and also 10% revealed that the bank uses cash collection and disbursement as a form of cash management but 10% disagreed with 10% said that they were not sure. This is supported by McLaney (2006), who states that stretching accounts payable may be financially attractive to the corporate firm but it raises an important unethical issue. It may cause the firm to violate the agreement it entered into with the supplier. Myers (2004) states that, clearly a supplier would not look kindly on a customer who regularly and purposely postpones paying for purchases

Furthermore, maintenance of optimal cash and cash projections were among the cash management techniques used in the bank as shown by 20% and 50% responses respectively but also 10% and 10% disagreed with the idea. The above findings implied that the bank employed several cash management techniques in order to improve profitability. The findings clearly bring out the ideas of Kakuru 2001, Van Holmes 1995 as well as Pandey 2003 that cash should only be out when delay is no longer necessary and possible and non-beneficial.

Level of Profitability in Bank of Africa

Rating the level of profitability in the bank of African

Table 14: Showing response on rating the level of profitability in the bank

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Very high	15	50.0	50.0	50.0
High	9	30.0	30.0	80.0
Low	3	10.0	10.0	90.0
Very low	2	6.7	6.7	96.7

<i>I don't know</i>	1	3.3	3.3	100.0
Total	30	100	100	

Source: Primary Data 2022

The results in the table above show that the level of profitability in Bank of Africa was high as shown by 80% response whereas 10% noted that the level of profitability was low with 3.3% saying that they didn't know about profitability. The above findings implied that the profits made in the company were high.

The bank has a policy of controlling expenditure

Table 15: shows responses on whether the Bank of African has any policy of controlling expenditure

Response	Frequency	Percent	Valid Percent	Cumulative Percent
<i>Strongly agree</i>	18	60.0	60.0	60.0
<i>Agree</i>	6	20.0	10.0	70.3
<i>Disagree</i>	3	10.0	20.0	90.0
<i>Strongly disagree</i>	2	6.7	6.7	96.7
<i>Not sure</i>	1	3.3	3.3	100.0
Total	30	100	100	

Source: Primary Data 2022

From the findings above, 60% of the respondents strongly agreed that the bank has an expenditure control policy, 20% agreed, while 10% were not sure. However, 6.7% disagreed, and 3.3% strongly disagrees. This implies that there is an expenditure control policy. This means that the bank has tried to control its expenses but to a low extent which still affects the profit levels which in the long run affects the profitability of the bank.

Fraud has affected the profitability of Bank of African limited.

Table 16: shows the responses on how fraud has affected the profitability of Bank of African

Response	Frequency	Percent	Valid Percent	Cumulative Percent
<i>Strongly agree</i>	15	50.0	60.0	60.0
<i>Agree</i>	4	13.3	10.0	70.3
<i>Disagree</i>	3	10.0	20.0	90.0
<i>Strongly disagree</i>	6	20.0	6.7	96.7
<i>Not sure</i>	2	6.70	3.3	100.0
Total	30	100.0	100	

Source: Primary Data 2022

From the findings above, 50% of the respondents strongly agreed that fraud has affected the profitability level of the bank, 13.3% agreed, while 10% were not sure. However, 20% disagreed and 6.7% strongly disagreed. In addition, in an interview with one of the administrators, it was established that fraud has greatly affected the profitability of the bank. This implies that fraud greatly affected profitability hence financial performance. Therefore, cash management has to be improved to enable the bank yield more profits so as to improve on its financial performance.

Staff that has left the bank due to fraud related cases

Table 17: shows the responses of the staff of Bank of African that have left the bank due to fraud related cases.

Response	Frequency	Percent	Valid Percent	Cumulative Percent
<i>Strongly agree</i>	3	10.0	10.0	10.0
<i>Agree</i>	2	6.70	6.70	16.7
<i>Disagree</i>	1	3.30	3.30	20.0

<i>Strongly disagree</i>	6	20.0	20.0	40.0
<i>Not sure</i>	18	60.0	60.0	100.0
Total	30	100	100	

Source: Primary Data 2022

It was revealed from the above findings that 10% of the respondents agreed that staff have left the bank due to fraud related cases, 6.7% agreed, while 3.3% were not sure. However, 20% disagreed and 60% strongly disagreed. This means that the staff members who cause fraud still remain working for the bank. This explains the poor financial performance depicted by the low levels of profitability of the bank.

The current profitability of post bank limited is low.

Table 18: shows the current profitability levels of Bank of African

<i>Response</i>	<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>	<i>Cumulative Percent</i>
<i>Strongly agree</i>	18	60.0	60.0	60.0
<i>Agree</i>	3	10.0	10.0	70.0
<i>Disagree</i>	1	3.30	3.30	73.3
<i>Strongly disagree</i>	6	20.0	20.0	93.3
<i>Not sure</i>	2	6.70	6.70	100.0
Total	30	100.0	100.0	

Source: Primary Data 2022

From the findings above, 60% of the respondents strongly agreed that the current profitability of the bank is low, 10% agreed, while 3.3% were not sure. However, 20% disagreed and 6.7% strongly disagreed. This shows that the majority said the current profitability is low, which is an indicator that the profitability of the bank is not good due to lack of efficient cash management techniques.

Bank of African has lost a lot due to fraud related cases.

Table 19: shows the responses on how much the bank has lost due to fraud related cases.

<i>Response</i>	<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>	<i>Cumulative Percent</i>
<i>Strongly agree</i>	18	60.0	60.0	60.0
<i>Agree</i>	3	10.0	10.0	70.0
<i>Disagree</i>	1	3.30	3.30	73.3
<i>Strongly disagree</i>	6	20.0	20.0	93.3
<i>Not sure</i>	2	6.70	6.70	100.0
<i>Total</i>	30	100.0	100.0	

Source: Primary Data 2022

From the findings, 50% of the respondents strongly agreed that the bank has lost due to fraud related cases, 10% agreed while 3.3% were not sure. However, 6.7% disagreed and 30% strongly disagreed. This means the bank has lost much due to frauds, this implies that the cash management techniques have not been effective and this has generally affected the profitability of the bank.

.Determinants of profitability in Bank of African

Table 20: Showing respondent on the determinants of profitability in Bank of Africa-Uganda

<i>Determinants</i>	<i>Strongly agree</i>	<i>Agree</i>	<i>Disagree</i>	<i>Strongly disagree</i>	<i>Not sure</i>
<i>Increase in resource productivity</i>	15(50%)	9(30%)	6(20%)	00	00
<i>Increasing level of deposits</i>	18(60%)	6(20%)	2(6.7%)	3(10%)	1(3.3%)
<i>Financial and operational efficiency</i>	24(80%)	3(10%)	3(10%)	00	00
<i>Reduction in costs of</i>	18(60%)	3(10%)	9(30%)	00	00

<i>operations</i>					
<i>The revenue is higher than the costs of operation</i>	15(50%)	9(30%)	6(20%)	00	00
<i>Financial performance being higher at the end of the financial period</i>	18(60%)	6(20%)	3(10%)	2(6.7%)	1(3.3%)

Source: Primary Data 2022

Regarding the determinants of profitability in the bank, 80% revealed that increase in profitability shows the level of profitability with 9% disagreeing with the idea. Increased level of deposits and operational efficiency show the profitability levels as shown by 60% and 20% responses respectively but also 3% disagreed with the idea respectively. Reduction in costs of operations shows higher profitability as noted by 60% of the respondents but 30% disagreeing with the idea.

Majority of the respondents (50%) and 60% of the respondents revealed that higher revenue and higher financial performance in the bank show higher profitability levels with 20% and 3% disagreeing with the idea. The above findings implied that several aspects determine profitability but reduced costs, higher revenue and higher financial performance determine the level of profits in the bank.

The Relationship between Cash management and profitability of commercial banks

Effect of Cash Management on Profitability of Bank of Africa-Uganda

Table 21 : Cash management having an effect on profitability in Bank of Africa-Uganda

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	18	60.0	60.0	60.0
No	9	30.0	30.0	90.0
I don't know	3	10.0	10.0	100

Total	30	100.0	100.0	
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Source: Primary Data 2022

The results in the table above showed that cash management had an effect on profitability in Bank of Africa as shown by 60% with 10% noting that they didn't know whether cash management had an effect on profitability and 30% said that cash management had no effect on profitability. The findings above therefore show that cash management had an effect on profitability in Bank of Africa.

Cash management affects profitability

Table 22: shows responses on how cash management affects profitability of Bank of African.

Response	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly agree	18	60.0	60.0	60.0
Agree	6	20.0	20.0	80.0
Disagree	3	10.0	10.0	90.0
Strongly disagree	2	6.70	6.70	96.7
Not sure	1	3.30	3.30	100.0
Total	30	1000	100.0	

Source: Primary Data 2022

From the findings in the table above, 60% of the respondents strongly agree that cash management affects profitability, 20% agree, 10% are not sure, 6.7% disagree, while 3.3% strongly disagree. This implies that cash management in Bank of African limited strongly affects its profitability.

Good cash management practices results in high profitability levels

Table 23: shows responses on how good cash management practices results in high profitability levels.

<i>Response</i>	<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>	<i>Cumulative Percent</i>
<i>Strongly agree</i>	6	20.0	20.0	20.0
<i>Agree</i>	18	60.0	60.0	80.0
<i>Disagree</i>	3	10.0	10.0	90.0
<i>Strongly disagree</i>	2	6.70	6.70	96.7
<i>Not sure</i>	1	3.30	3.30	100.0
<i>Total</i>	30	100.0	100.0	

Source: Primary Data 2022

Finding from the table above reveals that, 20% of the respondents strongly agree that good cash management practices result in high profitability levels, 60% agree, 10% are not sure, 6.7% disagree, while 3.3% strongly disagree. This means that good cash management practices result in high profits.

Has cash management affected the profitability of Bank of African?

Table 24: shows responses on whether cash management has affected the profitability of Bank of African limited

<i>Response</i>	<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>	<i>Cumulative Percent</i>
<i>Strongly agree</i>	15	50.0	50.0	50.0
<i>Agree</i>	3	10.0	10.0	60.0
<i>Disagree</i>	2	6.70	6.70	66.7
<i>Strongly disagree</i>	6	20.0	20.0	86.7
<i>Not sure</i>	4	13.3	13.3	100.0
<i>Total</i>	30	100	100.0	

Source: Primary Data 22022

From the table above, 50% of the respondents strongly agree that cash management has affected the profitability of Bank of African, 10% agree, 6.7% are not sure, 20% disagree, while 13.3% of the respondents strongly disagree. This means that cash management has been affecting the profitability of the bank.

Delaying payables improves profitability

Table 25: shows responses on whether delaying payables improves financial performance.

Response	Frequency	Percent	Valid Percent	Cumulative Percent
<i>Strongly agree</i>	3	10.0	50.0	50.0
<i>Agree</i>	6	20.0	10.0	60.0
<i>Disagree</i>	2	6.70	6.70	66.7
<i>Strongly disagree</i>	12	40.0	20.0	86.7
<i>Not sure</i>	7	23.3	13.3	100.0
Total	30	100	100.0	

Source: Primary Data 2022

From the finding in the table above, 40% of the respondents strongly disagree that delaying payables improves profitability, 23.3% disagree claiming that it instead creates poor relationship with the business partners, this statement was according to one of the administrators who was approached. 10% of the respondents strongly agree, 20% agree while 6.7% are not sure. Based on the findings in the table above implies that delaying payables does not improve the profitability instead it spoils the business relationship with the business partners.

Accelerating receipts collections increases profitability

Table 26: shows responses on whether accelerating receipt collections increases the profitability

<i>Response</i>	<i>Frequency</i>	<i>Percent</i>	<i>Valid Percent</i>	<i>Cumulative Percent</i>
<i>Strongly agree</i>	15	50.0	50.0	50.0
<i>Agree</i>	3	10.0	10.0	60.0
<i>Disagree</i>	6	20.0	20.0	80.0
<i>Strongly disagree</i>	2	6.70	6.70	86.7
<i>Not sure</i>	4	13.3	13.3	100.0
<i>Total</i>	30	100	100	

Source: Primary Data 2022

Based on the findings in the table above, 50% of the respondents strongly agreed that accelerating of receipt collections increases the profitability, 10% agreed, 20% were not sure, 6.7% disagreed while 13.3% strongly disagreed. This means that by accelerating receipt collections the profitability of the bank will improve.

Table 27. Correlation co efficiency showing the relationship between cash management and profitability

Correlation

		<i>Rating the effectiveness of cash management in the Bank of Africa</i>	<i>Rating the level of profitability in the bank</i>
<i>Rating the effectiveness of cash management in the Bank of Africa</i>	<i>Pearson correlation Sig. (2-tailed)</i> <i>N</i>	1 30	0.669*** 30
<i>Rating the level of profitability in the bank</i>	<i>Pearson correlation Sig. (2-tailed)</i> <i>N</i>	0.669*** 0.000 30	0.669 30

*** Correlation is significant at the 0.01 level (2-tailed)

Source: Primary Data 2022

The study used a Pearson correlation analysis and it revealed that there is a positive and significant relationship between cash management and the level of profitability as shown by $r = 0.669^{**}$ at 0.01 level of significance. The table shows a strong significant positive relationship as indicated by spearman correlation coefficient as 0.669 and correlation is significant at 0.05(2-tailed). This implies that with proper cash management in place, the profitability will in turn increase. This is because cash management has an influence on profitability for example if cash planning, cash collection, cash allocation, cash budget is emphasized when carrying out cash management then profitability will be good. Therefore, the above findings show that cash management is related to the level of profitability in Bank of Africa-Uganda.

Table 28: Showing responses on the effect of cash management on profitability in the bank

Relationship	Strongly agree	Agree	Disagree	Strongly disagree	Not Sure
Cash management quickly recovers recurring savings garnered by the system itself	9(30%)	6(30%)	12(40%)	1(3.3%)	2(6.7%)
Cash management improves coordination among multiple departments	6(20%)	18(60%)	3(10%)	2(6.7%)	4(3.3%)
Cash management increases liquidity and profitability of any firm	12(40%)	6(20%)	12(40%)	00	00
Proper cash management policies reduce losses	6(20%)	9(30%)	10(33.3%)	5(16.7%)	-
There is a positive relationship between cash management and	15 (50%)	9(30%)	3(10%)	3(10%)	-

profitability					
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Source: Primary Data 2022

Regarding the effect of cash management on profitability, most of the respondents (60%) revealed that cash management quickly recovers recurring savings garnered by the system itself with 12% disagreeing with the idea but 6.7% were not sure. Cash management improves coordination among multiple departments as shown by 60% with 40% disagreeing with the idea but 6.7% were not sure. Majority of the respondents (60%) and 80% revealed that cash management increases liquidity and profitability of any firm and reduces losses but 22% and 16.7% disagreed with the idea. Most of them thereafter noted that there is a positive relationship between cash management and profitability as shown by 80% with 10% disagreeing with the idea. The above findings however showed that cash management has an effect on profitability in bank of Africa-Uganda.

Conclusion

Regarding the study findings, it was revealed that cash management in bank of Africa affects profitability levels. The findings also showed that the bank employs several cash management techniques in order to reduce fraud of cash in the bank. The study also showed that profitability levels were high in the bank. The need for holding cash arises due to a variety of motives - transaction motive, speculation motive, precautionary motive and compensating motive. The objective of cash management is to make short-term forecasts of cash inflows and outflows, investing surplus cash and finding means to arrange for cash deficits. Cash budgets help Finance Manager to forecast the cash requirements.

Recommendations

Banks need to pick the right cash management provider who can coordinate the physical and technological installation of the system can significantly expedite and smooth the process of ensuring profit maximization. Each department should

carefully consider features and functionality that will be required for a successful deployment and utilization of cash management which also increases profitability. There is also need to discuss finance management under three main threads as capital budgeting, capital structure and working capital management. The first two of them are mostly related with financing and managing long-term investments. However, financial decisions about working capital are mostly related with financing and managing short-term investments and undertake both current assets and current liabilities simultaneously.

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