

**Credit Management And It's Impact 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 analyse 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. 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. 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. From the findings, it shown that there was a strong relationship between credit financing and the growth of bank. At Pearson correlation coefficient $r = 0.669$. The results as depicted from the table above ($r^2 = 0.669$, $P = 0.035$) suggest a positive and significant effect on credit financing on the growth of bank in Centenary bank. Financial institutions should put in a provision of loan repayment periods extension for the bank. More credit needs to be availed to the bank given their significant role in the economic growth and development.

Keywords: Credit, Management, Financial, Performance and Institutions

Background to the study

Credit management is the process of granting credit, determining the terms under which credit is granted, collecting that credit when due, and ensuring compliance with the company's credit policy, among other credit-related functions (Alex & Moses, 2024). Risks in credit management can be considered as the probability of losses associated with a decrease in the credit quality of borrowers/counterparties or potential losses resulting from the refusal or inability of the customer to pay what is owed in full and on time (Nelson, Christopher, Teddy et al., 2022). It still remains the most important risk to be managed (Faridah et al., 2023). Credit risk arises when the borrower is unable to repay the loan or when the credit rating deteriorates (Ivan et al., 2023). Credit management is defined as the identification, measurement, monitoring and control of risk arising from the possibility of loan default (David et al., 2023). Credit management was similarly conceived to include the three dimensions of risk identification, risk assessment and risk management. Centenary bank was established in 1983 as a credit trust, Centenary Rural Development Trust (CRDT), Simeon Lutaakome, Hugh Francis Pulle, Paul Kateregga, Vincent Kirabo kya Maria, Emmanuel Mpande and John Ogutu (Promise et al., 2024). In 1985, CRDT began providing financial services to the public. The bank became a fully

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licensed commercial bank in 1993 after receiving a license from the Bank of Uganda. As of May 2016, Centenary Bank was the largest mostly domestic Ugandan commercial bank (Derrick et al., 2023). Centenary Bank has an established credit management team, sound and clear credit management guidelines that are the primary source of reference and guidance for credit management practices in financial banking (Kazaara & Christopher, 2023). The team's goal is to support Centenary Bank's goal by providing information and guidance that enables the implementation and maintenance of an effective credit management system to identify, analyze and mitigate credit risks that threaten the achievement of the financial institution's goals of profitability and revenue growth. (Annet et al., 2023).

However, even with a good risk management department, Centenary Bank still has problems managing credit risk among its lenders (Polycarp et al., 2023), yet the financial institution has to float along with the fierce competition in the financial sector. , which means it offers good interest rates, trains its loan officers to be competent in disbursement and loan recovery, but this is not in line with the reality that bad loan portfolios are constantly growing, defaulters and write-offs are high (Ntirandekura et al., 2022). The study therefore aims to investigate the relationship between credit management and financial performance in Centenary Bank (Turyatamba & Turyasingura, 2024).

Statement of the problem

Centenary Bank has an established credit management team, sound and clear credit risk management guidelines, which are the primary source of reference and guidance for credit management practices in financial banking (Akankwasa et al., 2022). The goal of the team is to support Centenary Bank's objective by providing information and guidance to enable the implementation and maintenance of an effective loan portfolio and to identify, analyze and mitigate credit risks that threaten the achievement of the financial institution's objectives of profitability and revenue growth. (Winny et al., 2023).

Due to effective credit management, Centenary Bank has experienced low credit risk, making its loan portfolio one of the best performing in the commercial banking industry in Uganda (Julius, 2024). Through its sophisticated credit manuals formulated in accordance with the credit policy of financial institutions focused on credit risk management, as well as continuous training of employees in the field of credit management, the institution has been celebrating profitability for the last five (5) consecutive years (Racheal et al., 2023).

Despite all the above measures that Centenary Bank has taken to manage its loans, it is unfortunate that the financial institution continues to have some bad debts and declining levels of profitability (Winny et al., 2023). Poorly planned loan products and partnerships were common, a situation associated with a poorly managed credit management system in a commercial bank (Abiodun & Christopher, 2024). The increase in net loss and bad debts had an adverse impact on the reduction in sales and profitability of the financial institution (Christopher & Turyasingura, 2024). It is on this basis that this study was conducted to examine the impact of credit management on the performance of financial institutions in Uganda using Centenary Bank as a case study (Ramadhan et al., 2023).

Objectives of the study

1. To examine the effect of credit terms on financial performance of Centenary Bank, Gulu Branch

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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

Methodology

Research design is a strategy for conducting research that specifies the procedures necessary to obtain the information needed to structure and solve research problems (L. A. Nafiu et al., 2017). A descriptive design was adopted to assess the impact of credit management on the performance of financial institutions in Uganda (Ntirandekura et al., 2022). Descriptive research design refers to the systematic process of collecting descriptions of existing phenomena in order to describe or explain what is happening (Olanrewaju et al., 2021a). A descriptive research design was adopted for the study because it focuses on people and their characteristics, which enables the researcher to understand and explore the impact of credit management on the performance of financial institutions in Uganda. This was achieved using a survey questionnaire, observation plan and document analysis (Jallow et al., 2022).

In addition, the descriptive design allowed respondents to answer questions asked through interviews or questionnaires and describe the answers provided. Thus, it was used to assess respondents' thoughts, opinions and feelings (Olanrewaju et al., 2021b). The study population concentrated on employees of Centenary Bank Ltd, Gulu branch. According to HR records, Centenary Bank Ltd, Gulu has 50 employees (L. A. Nafiu et al., 2012). Sample size refers to the number of subjects in a sample (symbolized by n) or a subset of a population (Olanrewaju & Abiodun, 2021). Based on the sampling table (Aslam et al., 2022), the sample size was 40 respondents. The study used both probability and non-probability sampling techniques. A probability sampling method is any sampling method that uses some form of random sampling. To have a random sampling method, you need to set up some process or procedure that ensures that different units in your population have an equal chance of being selected (L. A. Nafiu et al., 2013). The probability sampling approach involves selecting the sample in such a way that all elements in the population have an equal chance of being selected (Jallow et al., 2021). A simple random sampling technique was also used so that all elements of the population were given a proportional probability of being nominated in the sample (Olanrewaju & Abiodun, 2021). This is a non-probabilistic approach where items in the population do not have a well-defined chance of selection (L. A. Nafiu et al., 2012). Purposive sampling was used where the researcher used his own judgment and experience to determine which employees had detailed information to participate in the study. Thus, the selection of respondents was based on the researchers' understanding that the respondents had the required information. Therefore, purposive sampling was carried out for the top management of the bank branch. Quantitative data were collected using a questionnaire survey method (L. Nafiu et al., 2013). A questionnaire survey method is a set of questions used to obtain information from a large group of people in a given study (Olanrewaju & Abiodun, 2021). The questionnaire was an effective data collection method due to the following advantages: it is standardized because the same wording is used for each administration; ensured confidentiality using a coding system. It can therefore cover embarrassing, socially undesirable or illegal topics; among other things, it was cheaper to administer (L. A. Nafiu et al., 2012). The method

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was used to collect data from mid-level employees and other lower-level employees within the bank as they were directly involved in the operations of SMEs (Turyatamba et al., 2022). Qualitative data were collected using an interview guide. Answers to the interview questions were written down and also tape recorded during the interview. In-depth interviews were used to obtain data from key informants such as owners and top management who were purposively selected based on the information available to them. Interviews were of great advantage because they allowed the researcher to establish a relationship with the respondent, which allowed the interviewer to: ask follow-up questions to clarify the respondent's meaning, to look for material not spontaneously mentioned by the respondent and to go beyond the superficiality of the response; ensure that the respondent answers all questions; gave more complex instructions and checked that they understood them; it changed the order of questions, among other things (L. A. Nafiu, 2012). Self-administered Questionnaires (SAQ) were used to collect data from study elements in a structured manner. The SAQ with one open-ended question per section was designed for SME employees to supply more or express their opinion, while the rest were closed-ended, aimed at testing perceptions using a five-point Likert scale measuring from Strongly Disagree as a response of 1, Disagree as a response of 2. Not sure as answer 3 Agree as answer 4 and Strongly agree as answer 5 for ease of measuring variables (Alex & Kazaara, 2023). Reliability refers to whether item scores on an instrument are internally consistent (i.e., item responses are consistent across constructs), stable over time (test-retest correlation), and whether there has been consistency in test administration and scoring (Lu et al , 2013). The consistency and trustworthiness of the qualitative instruments was supported by the researcher checking the instruments to ensure that they were free of transcription errors (Aslam et al., 2022).

An internal consistency method was used, where one pretest cluster is assessed. This method showed to what extent the aspects of the questionnaire were related to each other. This was done using Cronbach's alpha coefficient, which assessed the reliability of the quantitative research instrument. Alpha is changing; from 0 to 1 and a value of 0.6 or less generally indicated unsatisfactory internal consistency or reliability (L.A. Nafiu & Ph, 2012), while Cooper & Schindler (2018) state that a coefficient of 0.7 indicates a consistent research instrument. Cronbach's coefficient alpha (α) was calculated as follows:

$$\alpha = \frac{k}{(k-1)} \frac{1 - \sum \sigma^2_k}{\sigma^2}$$

Where $\sum \sigma^2_k$ = the sum of variances of the k parts (usual items) of the test. α = Cronbach's coefficient alpha. k = Standard deviation of the test.

Alpha was preferred because the questions will have choices to be made, to which different weights was attached. A reliability coefficient 0.7 was considered acceptable. For the qualitative instruments, the researcher will ensure reliability by checking the instruments to make sure that they are free from errors that may have been made in transcription. 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 (Anwar et al., 2022). 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 (Nelson,

Christopher, & Milton, 2022). 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 strongly agree to strongly disagree. Similarly, inferential statistics was done based on the Pearson's correlation coefficient and linear regression analysis (L. A. Nafiu & Ph, 2012). 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 (L. A. Nafiu, 2012).

RESULTS

Ownership of the Bank

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

Table 1: 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 1 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 2: Shows duration the employees have worked with 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 for the period between 3-4 years 10% have been working for over 7 years and only 6% have been in the firm for a period between 1-2 year. This implies that the data was obtained from respondents who 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 Credit financing conceptualized as Bank loans, Trade credit and Bank overdraft as illustrated below

Responses on credit financing facilities of Centenary bank

Table 3 Responses on credit financing facilities of Centenary bank

Statement	Strongly disagree	Disagree e	Not sure	Agree	Strongly agree
Bank loan					
I use bank loans to supplement my capital in operating the business	3 (10%)	2 (6%)	1 (3%)	6 (20%)	18 (60%)
I can afford the terms and conditions given 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 is enough	10 (33%)	5 (17%)	2 (6%)	4 (13%)	9 (30%)
The credit officers have enough skills and 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 get a loan.	15 (50%)	2 (7%)	0 (0%)	4 (13%)	9 (30%)

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Overall evaluation of bank loan	9 (30%)	4 (13%)	1 (3%)	6 (20%)	10 (33%)
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Table 3 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 3 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 3 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 3 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 table 3 shows that, 3% strongly disagreed, 7% disagreed, none of the respondents were not 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 3 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.

Table 4: Trade credit

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 stipulated time	3 (3%)	5 (17%)	5(17%)	7 (23%)	10 (33%)

I always qualify for more trade credit facilities	4 (13%)	5 (17%)	3(10%)	9 (30%)	9 (30%)
Without trade credit facilities, my capital would be too small to operate my 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 4 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 4 shows that, 3% strongly disagreed, 7% disagreed, 3% of the respondents were not sure, 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 4 shows that 3% strongly disagreed, 17% disagreed, 17% of the respondents are not sure, 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 pay back in the stipulated time.

From table 4 shows that, 13% strongly disagreed, 17% disagreed, 10% of the respondents were not 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 I always qualify for more trade credit facilities.

From table 4 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 4 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.

Table 5: Bank overdraft

Bank overdraft					
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I use bank overdraft to finance my business	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 be given 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 5 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 5 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 5 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 bank overdraft. 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 5 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 5 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 6 Responses on the performance of financial institutions in Centenary bank

Statement	Strongly disagree	Disagree	Not sure	Agree	Strongly agree
My business continues to expand	1 (3%)	2 (7%)	1 (3%)	15 (50%)	11 (37%)
Sales volumes of my business are always increasing	3 (10%)	6 (20%)	2 (7%)	12 (40%)	9 (30%)
The profit levels of my business are always increasing	0 (0%)	3 (10%)	2 (7%)	10 (33%)	10 (33%)
I have been able to open more branches for this business	3 (10%)	5 (17%)	2 (7%)	8 (27%)	12 (40%)
There is always excess of income over expenditure	8 (27%)	5 (17%)	5 (17%)	5 (17%)	7 (23%)
I have acquired more assets in my business	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 favorably with people in the same business	5 (17%)	3 (10%)	0 (0%)	10 (33%)	12 (40%)
I take and make simple records in my business	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%)

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Source: Primary data 2022

From table 6 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 6 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 6 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 6 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 6 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 6 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 6 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 working capital to their the bank. This means that, 50% of the respondents agree that they have added more working capital to their businesses

Table 6 illustrates that 17% of the respondents strongly disagree that they can compete favorably 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 6 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 6 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 6 indicated that, 3 respondents (10%) strongly disagree, 4 respondents (13%) disagree, 1 respondent (3%) is not sure, 11 respondents 37% agree while 11

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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 7: Respondents' rating on whether there is a relationship between credit facilities and growth of selected the bank of Centenary bank

Statement	Strongly disagree	Disagree	Not sure	Agree	Strongly agree
Credit facilities have assisted me to expand my business	3 (10%)	5 (17%)	0 (0%)	12 (40%)	10 (33%)
Trade Credit has been influential in increasing 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 establish new branches	3 (10%)	6 (20%)	1 (3%)	10 (33%)	10 (33%)
Trade credit have helped me to increase the profitability of this business	2 (7%)	2 (7%)	0 (0%)	10 (33%)	16 (53%)
Trade credit has helped me to operate even if I do not have enough money	5 (17%)	5 (17%)	2 (7%)	10 (33%)	13 (43%)
Bank loans are important in my business growth	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 7 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 their business. This means that majority of the respondents (40%) agree that credit facilities have assisted them to expand their business.

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Table 7 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 7 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 7 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 7 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 them to 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 7 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 7 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. This clearly 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 7 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 relationship between credit financing and performance of financial institutions

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

Table 8: Correlations

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

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

From the above findings, it shows that there is a strong relationship between credit financing and the growth of bank. At Pearson correlation coefficient $r = 0.669$ (Nelson et al., 2023). The results as depicted from the table above ($r^2 = 0.669$, $P = 0.035$) suggest a positive and significant effect on credit financing on the growth of bank in Centenary bank. The positive relationship means that when credit financing increases, bank also grow.

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 credit facilities that best suit them.

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