

## **The impact of credit management on the performance of savings and credit cooperative organizations in Mbale district.**

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### **ABSTRACT:**

This research examines in depth the impact of credit management on the performance of Savings and credit Cooperative Organizations (SACCOs) in Mbale district. The three main objectives of this research were, first to establish the current strategies of loan delinquency management operated by SACCOs in Mbale district, secondly to ascertain the effectiveness of the credit management process as implemented by SACCOs in Mbale district, and thirdly to identify whether there is a relationship between credit management processes of a SACCO and its performance indicators.

The research generates some pertinent findings about SACCOs operations in Mbale district. The major findings were that, SACCOs are faced with a number of credit management problems ranging from high demand for loans, high delinquency, and small size loans to clients, liquidity and cash flow problems, un customized loan policies and procedures, as well as high operational costs among others. All these factors have combined to derail effective credit management processes which have consequently hampered effective performance of SACCO.

Despite these problems the research identifies SACCOs as viable financial institutions whose services reach the poorest of the poor in the areas underserved by banking services. On the basis of the research findings, the research provides appropriate recommendations for effective credit management. The identified recommendations range from aggressive loan recovery procedures, investment in staff training, need for new product development, customization of existing by laws as well as loan policies and procedures.