Factors Affecting Loan Repayment Among Customers Of

Women frequently encounter greater limitations and fewer opportunities than men, especially in regard to income-generating activities. They face social and economic constraints that perpetuate poverty and spans generations. However, significant opportunities exist in the informal, small-scale enterprise sector for which women should take advantage. Community groups are popular institutions in Kenya's rural areas. The groups help provide services that the government, has failed to deliver. Also the emergence of microfinance institutions to offer lending funds has been of great impact.This study sought to investigate the factors affecting women microfinance loan repayment. The findings of the study may be useful to policy makers in government, private sector, Non-Governmental and Faith Based Organisations.

The provision of credit to the poor has been regarded as a means for poverty alleviation. However, for the institution issuing credit to be sustainable, it has to ensure that borrowers are assessed effectively and loans are recovered as soon as they are due The provision of credit has increasingly been regarded as an

important tool for raising income and hence improving livelihood. The generation of self-employment and entrepreneurial activities requires investment in working capital. However, at low levels of income, the accumulation of such capital may be difficult. Under such circumstances, loans, by increasing family income, can help the poor to accumulate their own capital and invest in income-generating activities The overall findings revealed credit rationing system in SACCOS was weak since it failed to discriminate creditworthy from non-credit worthy borrowers.For a rationing system to be effective it has to consider the factors that affect loan repayment during loan issuance. This book is designed for micro finance researchers and practitioners.It paves the way for more research on credit rationing to ensure portfolio quality for institution's sustainability

Until the Department for Business, Innovation and Skills (BIS) has a robust strategy for maximizing the collection performance of student loans and improves its information on borrowers, it will not be well-placed to secure value for money. BIS forecasts that the total value of outstanding student loans will increase from £46 billion in 2013 to approximately £200 billion by 2042, in 2013 prices. The number of borrowers due to repay is projected to increase from 3 million in 2012-13 to 6.5 million by 2042. The loan book is therefore becoming a substantial public asset. BIS and its collection partners HM Revenue & Customs

and the Student Loans Company (SLC) work together in a joined-up way. In 2012-13, they collected £1.4 billion in student loan repayments, at a cost of £27m. BIS needs to make better use of data to support its collection strategy and improve its understanding of where it could invest to maximise the collection value of the loan book. In designing how student loans would work, BIS anticipated that a proportion of the loans would not be repaid. However, BIS has not set an annual target for the amount to be collected because repayments are affected by graduate earnings and economic factors outside its direct control. Annual repayment forecasts are consistently higher than amounts collected. While many borrowers may not be in employment, BIS and the SLC have carried out little analysis to establish how many may be working overseas or the level of repayments that may be missed

The primary concern of this study was to identify the major socio-economic and institutional factors that influence loan repayment capacity of women entrepreneurs in Uasin Gishu County. The study was based on the economic theory Genrahtz (1989) model 2 which states that when the entrepreneurs chose the repayment schedule, the chances of failing to repay or default would be reduced to a minimum level. The theory works on the specifications of time and the resources as well as the relationship between the two lending parties.

Despite the sharp disjunction in the predictions an order by the rational economics model and the behavioral model, evidence on whether repayment frequency influences default rates in microfinance remains limited. The literature reviewed shows that entrepreneurs find it tricky to repay the loan but the determinants of loan repayment among women owned enterprises is not well addressed. The study was carried out using a descriptive survey of 1327 women owned enterprises and 3 loan officers of each bank in Uasin Gishu County. The study included 130 participants which is 10% as suggested by Mugenda in (Mugenda et al, 1999).

Although the MFIs had been showing an inspiring progress since their establishment; they are experiencing default problems as can be observed in their declining repayment rates. If you want to know whether default is random and influenced by erratic behavior or whether it is influenced by certain factors in a specific situation, this book tell you what reason is behind. Thus, it is my firm belief that you can learn more.

The study was conducted in Eastern Hararghe Zone, of the Oromiya Regional State, in Ethiopia. As stated in the objectives, the main aim of the study was to identify important demographic, socio-economic and institutional factors that affect loan repayment performance of smallholder farmers who borrow from

formal credit sources. It was envisaged that the study would provide information that will enable effective measures to be undertaken to improve the loan repayment performance and the success of rural credit programs. It would also enable lenders, such as non-governmental organizations, and policy makers, to appreciate and understand where and how to channel efforts to minimize loan defaulting. The study was also expected to contribute towards better credit administration with a possible pay-off in improved loan repayment.

Study covers CIRDAP member countries.

Research Paper (postgraduate) from the year 2015 in the subject Business economics - Banking, Stock Exchanges, Insurance, Accounting, , language: English, abstract: The main purpose of this study was to examine the determinants of loan default and its effects on financial performance of commercial banks in Ghana by using Fidelity Bank Limited as a case study. The study employed quantitative and qualitative research techniques as the research design. In achieving the research objectives primary and secondary data was used. The primary data was collected through a well structured questionnaire. Simple random technique was used to select 120 loan clients and a purposive sampling was used to select a credit staff. The data was collected from four branches of Fidelity Bank in the Brong Ahafo Region of Ghana. It was realized that the delays in loan approval, poor management, poor credit appraisal and diversion of loans are the main determinants of loan default in Fidelity bank. The study also found that SME clients (49.5%) defaults more than agric, personal and salary loan clients. The major cause of loan default according to the findings of this study was decrease in

demand of goods and service (16.1%) sold by the loan clients. Again, it was realized that loan default has a negative impact on profitability. It is recommended that the following measures should be implemented to reduce the rate of loan default; good credit structuring, consistent monitoring, sound credit risk policies and standards, quality analysis, well trained staff, good corporate governance system, independent credit assessment, rescheduling and provision of additional funds.

This research will help for any users whether they are students, business people, family and anyone who can used as reference as well as to identify and analyses the determinants of loan repayment.The major determinants identified as loan appraisal, form of disbursement, better educational qualification of borrowers were seen as the major determinant factors for non default loan repayment as it studied by a case study

The world is in the midst of an information revolution in which the critical ingredients are knowledge and technology.Loan repayment is very crucial issue to the financial and non financial institutions.The book also elaborates on the various determinants of loan repayments which is vital to women entrepreneurs.These determinants are classified into three broad categories;first are the institutional factors secondly are the business factors and lastly are the entrepreneurial factors.The study findings revealed that the main factors affecting loan repayment includes social responsibilities such as the feeding of children, paying of rent, hospital bills, and the number of households members. The study recommended that the banking sector should review the interest rates, the terms and conditions, the loaning requirements and the repayment duration to help in timely repayment of available loans. The individuals seeking loans should be trained based on the proper loan management and

utilization to avoid misappropriation of the desired loans.

Contributed papers presented at the Regional Workshop on "Loan Repayment Behaviour Among the Rural Poor" was held at the National Centre for Rural Development.

This book deals with the effectiveness and the capability of microfinance institutions (MFIs) to enhance women's livelihoods and empowerment and to mitigate the effects of HIV and AIDS in Côte d'Ivoire. The results show that MFI credit causes positive and negative effects. MFI credit has improved incomes, the level of farm production and human and social capital. MFI credit has also enhanced women's decision-making power within households due to their new ability to contribute to the improvement of the household standard of living. Furthermore, women's empowerment regarding the demand for and the use of credit give them more opportunity to obtain MFI credit. Despite the positive effects of MFIs on women's income, this publication shows that loan repayment was not successful among some female borrowers due to the fact that the loan has not been used for investment purposes. For MFIs, the diversion of loans can endanger their functioning and sustainability and therefore their effectiveness in rural areas. Regarding HIV, this book highlights the diversity and the specificity of the way HIV-affected individuals are financially supported by credit institutions. Both the direct and indirect effects of HIV and AIDS on women's livelihood and MFIs are analysed.

Master's Thesis from the year 2018 in the subject Business economics - Investment and Finance, language: English, abstract: This study assesses the determinants of successful loan repayment performance of project financing in the case of Development Bank of Ethiopia. The study uses explanatory design

and quantitative research approach. Secondary data was used. The collected data were taken from individual borrowers' files. Hence, the total sample size was seventy-five (75), of which 40 (53%) were successful financed projects (non-defaulters), whereas the rest 35 (47%) were non-successful ones (defaulters). The data was analysed via correlation followed by logistic regression model using SPSS version 20. The independent variables used in the study are accessibility of market, amount of loan, availability of raw material, distance from project location to raw material destination, distance from project location to output product market, educational level, equity debt ratio, loan processing time, managerial experience of project manager, number of project follow-up, project implementation period, type of management and type of market for the commodity financed. In the study, a logistic regression model was used to identify variables which determine successful loan repayment performance. The paper reveals that the managerial experience of project managers, loan processing time, educational level, number of project supervisions/ follow-ups by the bank, delay in project implementation period and type of management for the financed projects were statistically significant determinant of loan repayment performance of DBE's financed projects. This study suggests that Development Bank of Ethiopia better intensify its project monitoring and follow-up work in order

to make well-informed decisions and provide technical assistance for its credit-assisted projects; give due attention to minimize the bureaucracy that delays the loan processing time; critically analyse the

Currently, poverty becomes a major problem in many developing countries. In these countries poverty is sever which has left millions of people out of basic needs for survival. In Ethiopia, there are many poor people living in rural and urban areas. The availability of financial services plays an important role in creating self-employment opportunities for the majority of low income population. The main problem of the poor performance of financial institutions in many developing countries is high rate of non-repayment of loan or default. Financial service provision program will be successful if the loan disbursed is healthy and repaid on time. The study conducted and compiled in this book may assist in guiding financial institutions or loan facilitating organizations to set appropriate criteria and standard procedures of loan disbursement. Loan repayment performance is affected by a number of socioeconomic and institutional factors. While some of the factors positively influence the loan repayment, the other factors are negatively affecting the loan repayment.

Masterarbeit aus dem Jahr 2019 im Fachbereich BWL - Investition und Finanzierung, , Sprache: Deutsch, Abstract: This study is an assessment of the

effect of credit management on loan portfolio performance at Pride Microfinance Ltd, Uganda. Its main emphasis is to examine the effect of credit management policies, credit procedures and credit collection methods on loan portfolio performance. The examination utilized a clear study plan on 309 respondents who were chosen from an investigation populace of 1170 respondents. Interviews and closed-ended questionnaires were used to collect both qualitative and quantitative data. The findings showed that management policies, procedures as well as collection methods were positively correlated with loan portfolio performance. The majority of the variations in loan portfolio performance could be explained by variations in credit management policies, credit management procedures and credit collection methods for their outstanding balances while keeping other factors constant. The investigation demonstrated that credit management policies have a beneficial outcome on loan portfolio performance at Pride Microfinance Ltd. If the strategies are actualized, the foundation can almost certainly recoup the loans dispensed prompting a quality loan portfolio. This paper argues that credit collection methods significantly affect loan portfolio performance and for this reason emphasis needs to be placed on appropriate loan repayment frequency for better portfolio management. Microfinance loan is very important for every aspects of economic development

in which repayment efficiency is one among many factors hindering efficient utilization of Loan. This study differentiates factors affecting loan repayment efficiency and assesses impact of efficient utilization of loan for the borrowers. Classical and Bayesian logistic regression were used for data analysis. Factor analysis was used to reduce data and to incorporate the major determinants that the efficient utilization of loan have to the borrowers, whereas logistic regression is used to obtained factors affecting loan repayment performance of borrowers and it was extended to the Bayesian frame. Results of the classical binary logistic regression indicate that better repayment efficiency is associated with borrowers: sex, education, number of dependent family member, monthly income, loan size, additional income, motivation of repayment and time. Also by using Bayesian logistic regression age, loan type, using loan for intended purpose and experience are significant in addition to significant predictors in classical one. Furthermore, some recommendations are suggested at final portion of the book. Based on interviews of MFIs in post war - Burundi about factors affecting their 2011 client loan defaults, this paper analyses how these factors contribute to a lower repayment rate using information asymmetry and enforcement model. The increase in in the number of risky borrowers as a result of a rise in the misunderstanding of a loan due to long-term relief intervention can lead to a high-

risk, low- repayment rate equilibrium under adverse selection scenarios. Furthermore, the resulting loss of willingness to repay the loan makes enforcement difficult. The decrease in the incentive power of future loans due to client migration, a lower social stigma resulting from the creation of various population features in the community & people displacement and a lower implicit group collateral possibility as a result of household asset losses weaken peer pressure, monitoring and enforcement mechanisms, thereby reducing the loan repayment rate. Understanding the interrelationship of these factors is crucial for MFIs in a post-war setting for designing viable outreach strategies that sustainably addresses the financial needs of a post-war society.

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The Balance of Payments Textbook, like the Balance of Payments Compilation Guide, is a companion document to the fifth edition of the Balance of Payments Manual. The Textbook provides illustrative examples and applications of concepts, definitions, classifications, and conventions contained in the Manual and affords compilers with opportunities for enhancing their understanding of the relevant parts of the Manual. The Textbook is one of the main reference materials for training courses in balance of payments methodology.

The general objective of this study was to determine the behavioral factors associated with high default rates in lending to the Small and Medium Enterprises (SMEs) sector in Kenya. The specific objectives of the study were to analyze factors directly associated with high default rates in lending to SME sector in Kenya, to determine behavioral factors Banks and Financial Institutions (FIs) can use to predict probability of default of lending to SMEs in Kenya and to evaluate the behavioral parameters for scoring credit applications for SMEs lending in Kenya. The study adopted a descriptive research design aimed at determining the behavioral factors associated with high default rates in lending to SMEs in Kenya. The descriptive research design was used because it enabled the researcher apply the general findings to a large population. The findings describe the characteristics that exist among different variables common to SME businesses that can explain the behavioral factors that could help predict probability of default. The population for the study comprised records of fifteen thousand (15,000) SME customers who had active credit facilities and had serviced the loans for at least twelve months since disbursement. From the sampling frame of fifteen thousand records, the researcher used a sample of ten thousand five hundred (10,500) SME customers equal to seventy percent (70%) as the development sample and the remaining thirty percent (30%) was used as

the validating sample. Quantitative data analysis involved using the Statistical Package for Social Scientists (SPSS) application to generate distributions through tabulations, percentages, means and other measures of central tendencies. Microsoft Excel application was used to prepare presentation and analysis diagrams, pie charts, graphs and calculation of distributions. The study finally drew findings from the appropriate conclusions. The study found out that the loan tenor or months to maturity and interest rate type ? either variable or fixed rate were major determinants of the default rate among SME customers. The study also determined that the account conduct of SME business owners, years of business operation and business experience affected the servicing of loans hence contributed to high default rates. The study further determined the main behavioral parameters that could be used to score SME customers involved the general management of loan and other accounts held by the SME customers. These included management of account overdrawn positions, bounced cheques, returned standing orders and management of credit transactions. The study concluded that the factors affecting the default rate in lending to SMEs in Kenya include application variables that indicate the repayment ability of a customer. They include customer specific information, product information and financial indicators. The study further concluded that behavioral factors Banks and

Financial Institutions can use to predict probability of default in lending to SMEs include variables that indicate how well a customer services the loan facilities after disbursement. These factors include accounts and product management, interval measures and the relationship with the lender. Finally the study concluded by identifying and evaluating behavioral parameters that can be used to develop behavioral score cards for SME in Kenya. These parameters need to be internally determined based on the existing customers? data and they largely relate to management of accounts and interval measures by SME customers. The study recommends that Banks and Financial Institutions should employ application factors and parameters as the basis for evaluating new customer loan applications which should form a basis for behavioral scoring for existing customers in order to predict default probability post disbursement. Further the study recommends that management of banks and financial institutions should take keen interest on the borrower?s business experience, management of other accounts the customer operates and how customers manage their loan facilities to determine the behavioral factors that can predict borrower-behavior and hence the possibility of default occurring. These borrower behaviors attributable to management of accounts act as predictors of likelihood of default. Finally the study recommends use of behavioral scorecards that analyze quantitative factors

that can determine whether to approve additional credit facilities for already existing customers and future research is recommended on all commercial Banks in Kenya to determine additional parameters that can be applied industry-wide for behavioral credit scoring.

Document from the year 2019 in the subject Business economics - Investment and Finance, course: ECONOMICS, language: English, abstract: The main objective of the study is to identify the borrower characteristics that discriminate them into defaulters and non- defaulters and examine the determinants of loan repayment and their credit worthiness in Microfinance institutions in Vavuniya district in Sri Lanka. In line with above general objective, this study has the following specific objectives: To identify the borrower characters those classify them into defaulters and non-defaulters in the study area. To evaluate the impact of major demographic characters such as age, gender, levels of education, civil status and family members of the borrowers that impact on their repayment performance and credit worthiness. To investigate how the farming characters like income, farm size, ownership of land, farming experience and availability of non-farm income as well as farmers' attributes such as purposes of loan, crop failure, weather conditions and knowledge about loans affect loan repayment and discriminate the borrowers into two groups in the study area. Financial institutions

and banks have major role in financial sector as well as rural sector of an economy in terms of providing loans to the rural community in developing countries like Sri Lanka. The borrowers especially, farmers are able to get the loans from the microfinance institutions to improve their living standard through agricultural activities and generate their income. Even the borrowers have chances to receive the loans, the microfinance institutions and banks are facing the problems to recover the loans from the borrowers. Thus, default rate among the borrowers has been increasing over time which is the difficult task to manage the banks and financial institutions. There are a number of many factors particularly demographic and farming characters that affect the loan repayment rates. There has not been any

Master's Thesis from the year 2021 in the subject Economics - Finance, , language: English, abstract: The main objective of the study was to assess the effect of financial literacy on loan repayment performance in case of Weltane Ambo SACCOs Union. The specific objectives will include to examine the effect of financial budgeting literacy on loan repayment in the study area, to evaluate the effect of debt management literacy on loan repayment in the study area, to examine effect of finance literacy on loan repayment in the study area and to assess the current loan repayment status of WASACCOsU. The study has

several significances, for the SACCOs in identifying effect of financial literacy on loan repayment performance and for the members to understand about their financial knowledge on their saving and loan repayment. For others the project findings and recommendation may be helpful for further research. The study will be important to the academicians and researchers who can use it as a springboard for other researches/studies. It gives guide lines for policy makers, SACCOs and stakeholders about existing financial literacy and its effect on loan repayment performance. It helps institutions to use as inputs for preparing training for their employees and members of the society.

This study focuses on the experience of students who consolidated their Canada student loans in loan year 1994-1995. It analyses a new database, which was created by linking Canada Student Loan Program records to income tax records from the Statistics Canada Longitudinal Administrative Database (LAD) and looks, in particular, at the relationships between debt size, income and default. This book was carried out to analyze the borrower's demographic factors influencing MF loan repayment performance. This was after the observation that the level of loan defaults in MF institutes was still high despite the various mechanisms being put in place, thus intimidating development, life and even their survival. The book covered MF loan borrowers within the District of Colombo.

Five demographic charactors were analyzed which were: age, education level, gender, marital status and household size that influence loan repayment. It suggests that government and other financial-sector stakeholders should ensure that the borrowers have access to formal education and sufficient business-related training and regulatory bodies such as Sri Lanka's Central Bank should act decisively to regulate all MF institutes to build a positive economic condition within the country.

Loan default is becoming an increasing problem that threats the sustainability of many microfinance institutions. The causes of the problem are multi- dimensional and non uniform among different literatures. This book, therefore, provides analysis of factors affecting loan repayment performance of women in Harar Microfinance Institution (HMFI). It is mainly based on primary and secondary data. For the analysis purpose, both descriptive statistics and logit regression were used to compare two groups, defaulters and non defaulters, with respect to some explanatory variables. It reveals that loan repayment performance of women is affected by various socio- economic, demographic and institutional factors. It also provides vital information to diverse literatures and has a potential to through light into the area that policy makers, implementing agencies and, anyone else who may engage in providing loan, especially for developing countries, should venture to improve loan repayment performance of borrowers as well as to ensure sustainability of microfinance institutions.

Rural households in Libya are credit constrained, in terms of access and the amount of credit received. Formal banks are the main players in credit market. Despite 44 branches of

agricultural banks distributed countrywide, these branches offer a limited number of credit for different purposes every year. The shares of these branches in rural credit market are quite small: agricultural banks provide only 24 % of loans and the other banks, mainly the commercial banks, provide 76 % of loans. However, agricultural credits provided by agricultural banks offer the most favorable terms for those households that have a positive demand on agricultural credit. Households that have no access to agricultural credits on the other hand face the problem of paying a higher interest rate when applying for credit from non-agricultural banks. This study is an investigation on 'the importance of large credits in Libyan rural-areas, and the main players in the rural-credit market'. This study determines factors affecting access and credit applications in three different locations. In addition, the affect of households, land, and socio-economic characteristics are analyzed using econometric analysis based on primary data collected during field research in the years 2006 and 2007. Empirical results from the data collected from three different regions in Libya confirm that more than half of rural households have no access to credit and around 42% of rural households do not want to participate in loan borrowing or take loans from any financial institutions that charge high interest rate. This is mostly due to religious considerations that prohibit 'unethical' interest rates charged by banks. The results clearly indicate that more than 51.85% of the loans taken by households are used to build houses, 33.3% of the loans are used in production inputs, and 9.8% of loans are used for family needs and the remaining 4.9% of loans are used for social events respectively. Research findings indicate that 'socio-economic characteristics' of heads of households are important factors increasing the probability of access to credit. Households headed by married men have a higher probability of access to credit compared to households headed by females

or bachelors and unmarried women. Heads of households with some years in schooling and a permanent monthly income from off-farm activity have a higher probability of access to credits than other heads who have less education or have no permanent income. Different forms of credit constraints are discussed and comparisons between selected samples are drawn in order to classify constrained and unconstrained households.

Document from the year 2019 in the subject Business economics - Investment and Finance, , course: ECONOMICS, language: English, abstract: The main objective of the study is to identify the borrower characteristics that discriminate them into defaulters and non- defaulters and examine the determinants of loan repayment and their credit worthiness in Microfinance institutions in Vavuniya district in Sri Lanka. In line with above general objective, this study has the following specific objectives: To identify the borrower characters those classify them into defaulters and non-defaulters in the study area. To evaluate the impact of major demographic characters such as age, gender, levels of education, civil status and family members of the borrowers that impact on their repayment performance and credit worthiness. To investigate how the farming characters like income, farm size, ownership of land, farming experience and availability of non-farm income as well as farmers' attributes such as purposes of loan, crop failure, weather conditions and knowledge about loans affect loan repayment and discriminate the borrowers into two groups in the study area. Financial institutions and banks have major role in financial sector as well as rural sector of an economy in terms of providing loans to the rural community in developing countries like Sri Lanka. The borrowers especially, farmers are able to get the loans from the microfinance institutions to improve their living standard through agricultural activities and generate their income. Even the borrowers have chances to receive

the loans, the microfinance institutions and banks are facing the problems to recover the loans from the borrowers. Thus, default rate among the borrowers has been increasing over time which is the difficult task to manage the banks and financial institutions. There are a number of many factors particularly demographic and farming characters that affect the loan repayment rates. There has not been any empirical research conducted regarding to repayment performance among the borrowers who get the loans from SANASA Thrift, Credit and Cooperative Society (TCCS) banks in Vavuniya district. Therefore, this study tries to provide the relevant information for a better understanding on the determinants of loan repayment performance of the borrowers and the information will be useful for policy makers, other lending institutions and stakeholders for their future decision making on granting the loans for their clients.