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Loan Recovery Techniques and Financial Performance of Umurenge SACCO: A Case of Gasabo District

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Abstract

The paper examined effect of loan recovery techniques on financial performance of Umurenge Saving and Credit Cooperatives. Specifically, it identified effect of fines techniques, adverse credit listing techniques, and loan limit reduction techniques on financial performance of Umurenge Saving and Credit Cooperatives in Gasabo District. A descriptive study was used and the target population was 152 employees and sampled 111 employees using purposive and simple random sampling techniques. Primary data was obtained through questionnaire survey and interview guide. Primary data was used to collect data by administration questionnaires to the respondents while secondary data was collected through reviewing documents. Results show that 36.1% strongly agree that fines and defaulting rate applied, 28.7 accepted loan payment plans, loan granting policy where 29.6% strongly agreed. The univariate analysis revealed that when fines techniques is hold constant financial performance is 2.788.Unit of fines techniques will stimulate a change of financial performance by a unit of 0.42 with a p-value of 0.484. Data on advert credit listing asserted that 50.3 agreed, 26.9% agree with risk identification process, 34.9% agreed with information symmetry while 29.6 agreed with efficient lending. It denotes that risk identification information symmetry and efficient lending, and loan target did not affect financial performance (B=0.100, p-value=0.101). The study indicated that 44.1% accepted that loan reduction policy, 39.3% indicated that credit management process was effective, 37.3% confirmed the use of risk credit seekers and 33.4% with customer credit scoring. Unit of loan reduction limit techniques will enhance financial performance at 0.59 with p-value of 0.263.The researcher concluded that loan recovery techniques contribute to financial performance. The study recommends to enhanced resource mobilization through direct and indirect funds, commendable strategies regarding exculpation from loan repayment and interest should be

established. Clients need should be taught how to make the most of their borrowed funds. More research is needed to determine whether Umurenge SACCOs have assisted their clients in improving their businesses.

Keywords: *Financial performance***,** *Loan***,** *Loan recovery, SACCO.*

1.0 Introduction

Loan recovery is critical for a financial institution's dependability and ability to continue operating, while the most persistent driver of bad financial performance and condition is worsening loan quality. According to Fluid Surveys University (2017), the chance of problematic loans grows as loan terms become more flexible. As a result, businesses should ensure that receivables management is effective and successful. Such delays in collecting money from debtors when it is due cause real financial problems, increase bad debts, and have a negative impact on client relations. On the off chance that an instalment is made late, productivity is disintegrated and assuming instalment is not made in any way, a complete loss is brought about.SACCOs, like any other financial institution, run the greatest risk of loaning money and not being able to repay it. Because most microloans are insecure, traditional insurance is rarely used to obtain microloans; credit risk is a particular problem for SACCOs (Bikorimana, 2011). Individuals covered are the ones who cannot profit from loans from banks and other monetary establishments because of the absence of the capacity to give assurance or protection from the cash loaned out. Most of banking institutions would not outspread loans to the persons because of probable danger of defaulting on interest and in some cases, the rule quantify itself. Accordingly, foundations needed to configuration complete loan recovery techniques that involve distinguishing proof of available and pertinent dangers inborn in loaning exercises.

The Rwanda National Bank Supervision Report (2018) revealed a high rate of credit risk, as seen by increasing the quantify of non-repaying by money held within SACCOs recently, a situation that has harmed their advantage. From the beginning of U-SACCOs in 2009 up to June 2018, all disbursed loans amounted 263,304,282,659 Rwandan Francs. Umurenge SACCOs recorded outstanding loans of 41,547,462,508 Rwandans Francs and portfolio at risk of 5,147,154,443 which gives non-performing loan of 12.38% at national level. It is noticed that loan recovery as well as loan management are not well managed as 87.2% of SACCOs (363 out of 416) SACCOs have non-performing loan greater than 5% as benchmark (Kagoyire &Shukla, 2016).This pattern not just compromises the suitability and manageability of the deposited money in SACCOs, however, it also makes it difficult to achieve the goals for which they were established, such as giving loans to the unbanked rural population and reducing the financing gap in the mainstream banking sector (Muteti, 2014). Loan recovery techniques are essential for a monetary Institution's security proceeding with benefit; while crumbling loan quality may be the successive reason for poor financial execution.

1.1 Research Objectives

i. To determine effect of fines technique on financial performance of Umurenge SACCO in Gasabo District.

ii. To effect of adverse credit listing techniques on financial performance of Umurenge SACCO in Gasabo District.

iii. To establish the relationship effect of loan limit reduction techniques on Financial Performance of Umurenge SACCO in Gasabo District.

2.0 Literature review

2.1 Review of Empirical Studies

In his study on lending rate and loan performance Ngondo (2018) accepts that using penalties on delayed repayment of loans was adopted by banks as party of their loan recovery strategies over last few yeasrs. According to Kamar and Ayuma (2016). The technique an organization would utilize clearly relies on the association it has with the customers. The loan recovery is predominantly expensive for banks since they have to incur extra costs. Moreover, default or inability fo clients to repay loan emanate from partial or total loss of the amount of obtained from the bank and therefore, immediately to the net profit of the bank or other financial institution (Walraven & Barry, 2015). The process of setting up the foundation to indicate the general danger that high risks posed to both creditors and savers needful a more elaborate system of regulation and strategies in banking sector. Therefore, the authors look at term of risk management without revealing into the necessity of those strategies that can be employed in debt recovery. This essential for the firms to create a structure that is suitable for the kinds of penalties that can persuade their borrowers to pay their loans in line with the agreement set between the two parties (Kavassalis & Stieber, 2018). Therefore, drawbacks and punishments on clients by the bank might be taken into consideration for advancing preparation and procedural techniques that provides guidance of selection in relation to managerial board in the cooperative (Kisala,2014). Loan techniques offers a system for loan the top management process. Finally, a study carried out by Boloro(2018), evidenced that loan recovery techniques gives supervisors, auditors and monitor through the assessment of loan implementation. The preparation thinks related to the acknowledgement, fines and loan repayment period duration and level of measurements. According to Migwi (2013), conducted out a research to assess credit monitoring and recovery techniques used by financial institutions and discovered that all commercial banks monitor credit to know proper loan repayment. This demonstrates that financial institutions including SACCO adopted interest loan repayment to be sure that they experience low level of loss. The research found that Kenyan commercial banking institutions produces annual financial statements to follow up credit by customers. Supervisors, it may be argued, require reliable risk procedures in order to route funds to operations with the best risk/reward ratios. To keep within the restrictions imposed by quickly open liquidity, banks, consumers, and regulators, they need an estimate of the extent of expected losses.

According to Weaver and Gahegan (2017), loan evidence access facilitates both numerical and non-digital banks in managing the problem of loan proportioning. The assessment is very critical since the loan becomes an agreement where the borrower is supposed to repay within an agreed period of time without failure. It gives the lenders in providing value now for a promise by customers to refund at future date (Kemp & Buckley, 2017). Wandera (2007) who carried a research on determinants of loan repayment success using outsourced companies to recover loan. The results uncovered that assortment staff of a private obligation assortment firms are sufficiently prepared in assortment and recuperations before being conveyed and that their long a very long time in activities gives them an advantage for the errands dispensed by the customers.

The idea of credit detailing offices was conceived in 1860's in the US, when dealers expected to monitor their clients particularly those of helpless credit hazard Names were generally aggregated in records, these were first credit agencies. With the development of innovation and further development of business, organizations that managed gathering credit information started to shape (Altman & Sironi, 2014).

Samuel (2016), points out that that process by which the CRBs collect the information from different bases to ameliorate the precision of sign related to the quality of customers. He further argues that opposing loan background that were usually pinpointed in personal loan report may leads to complexities for customers to obtain loan in accordance of how was scored (Kirui & Onyuma, 2015). Adverse listing of individuals' credit history has a significant effect on their future ability to access credit from lending institutions either digital or non-digital. Sharing credit information by financial intermediaries helps lenders and creditors to understand whether a borrower has bad credit history and therefore help in the decision making process of the lenders (Richards, Palmer , & Bogdanova, 2018).

Lending is very risk in that reimbursement of the credit is not ensured and the majority of the occasions relies upon the components not in the control of the borrower (Altman and Sironi , 2014). In this way, overseeing advances in an appropriate way not just has positive effect on the money related foundations yet additionally on the borrower and the nation's economy overall. Samuel (2016), contends that ordinary observing of advance quality, conceivably with early notice framework is fit for alarming administrative specialists of potential banks pressure, in this manner, is fundamental to guarantee a sound budgetary framework and forestall methodical emergency. The suggestion has been generally put to use in the financial part as credit evaluation. As per the asymmetric information theory, an assortment of solid data from forthcoming borrowers gets basic in achieving compelling screening (Kamar & Ayuma, 2016).

The data expected to survey the creditworthiness of organizations is by its very nature more perplexing and less normalized than for households (Altman & Sironi , 2014). In this way on account of business advances credit departments for the most part play a progressively dynamic job in the creation of data, ordering credit advertise information got from banks and providers along with monetary record information and data from the organization itself and from open sources about investors and directors. The positive segment of a credit report for an organization is commonly a lot bigger than for an individual, and the idea of the credit authorities in this market fragment is unique (Brammertz & Mendelowitz, 2018).

Credit observing or monitoring which is viewed as the measures to safeguard monetary foundations understands the present cash association with condition of customer or the bank, ensure that both parties recognition is constantly agreeing with terms and conditions, usage of customer did of insisted loan boundaries, ensure that foreseen salaries towards noteworthy loan commitment changing essentials (Altendorf & Schreiber, 2015).

2.2 Theoretical Framework

In conducting the study, two theories seemed to be relevant. These are liquidity theory of credit and credit risk theory.

The liquidity theory of credit states that credit-assigned enterprises use more exchange acknowledge that organization with regular accessibility to banks and SACOs. The main point of this argument is that when a company is monetarily compelled, an offer of exchange credit can compensate for a reduction in credit from monetary institutions. Organizations that provide large liquidity or increased access to capital to business sectors, according to this opinion, can help those who are credit rationed. Badia and Dudine (2019) for example, uses small enterprises as an intermediary for credit rationed firms and shows that when there is a financial squeeze, small firms respond by increasing the amount of exchange credit accepted. A negative link between a purchaser's access to multiple sources of finance and exchange credit use is common since monetarily unconstrained enterprises are less likely to request it and more likely to supply it.

Credit risk theory credit risk theory relies on the credit hypothesis in any case called the structural theory which is acknowledged the default opportunity obtains from a cooperation's resource development indicated by dissemination cycle with consistent elements or indexes. Like theories were regularly characterized as structural models and in light of factors related to a particular issuer (Walraven & Barry, 2015). The above theory enabled the researcher to establish the conceptual framework as follows:

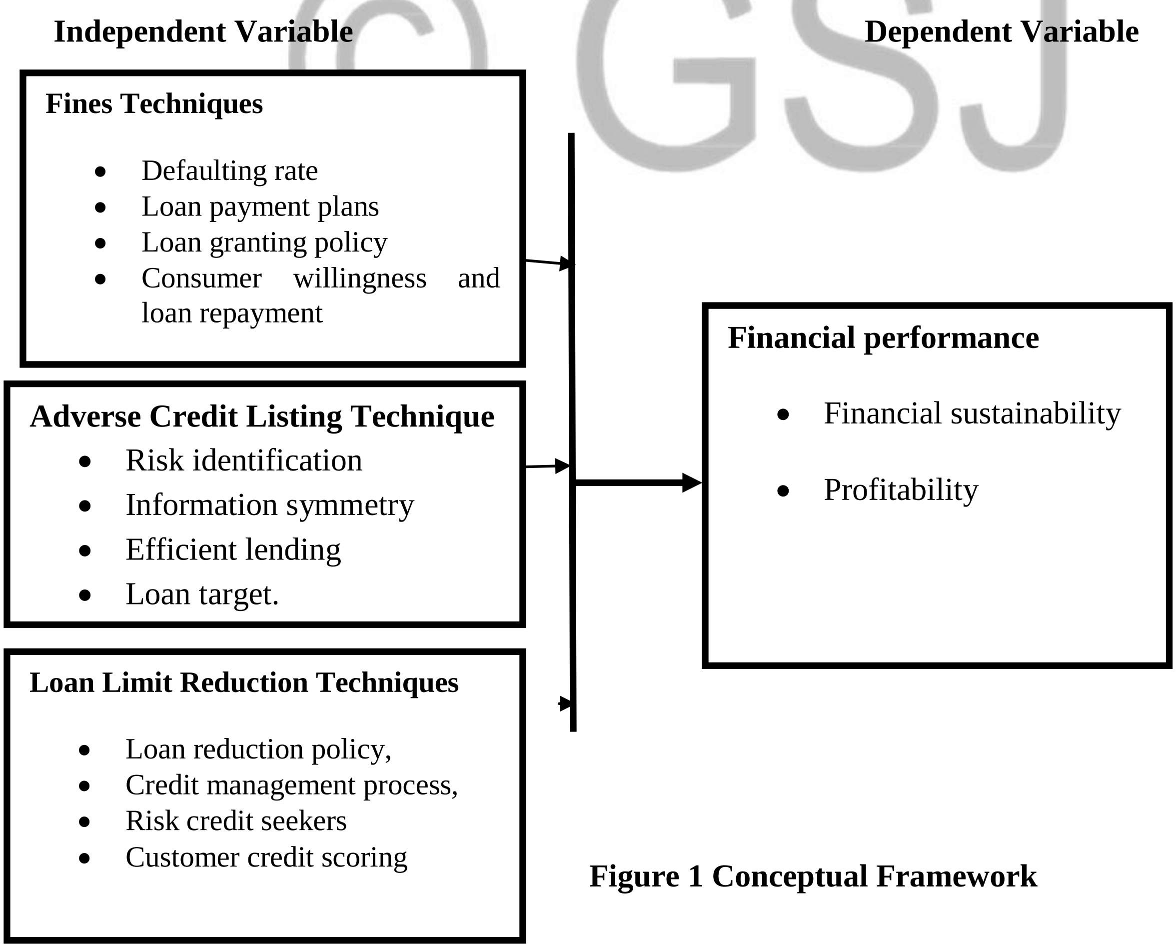

Figure 1 Conceptual Framework

Source : Researcher (2023)

Information presented in Figure 2.1 shows the interdependency between loan recovery techniques and the financial performance of Umurenge SACCO. Therefore, the loan recovery techniques in this study were fines, credit listing, and loan limit reduction. In this regard, the fines techniques were measured using defaulting rate, loan payment plans, loan granting policy, and consumer willingness and loan repayment. Furthermore, adverse credit listing technique were assessed using risk identification, information symmetry, efficient lending, and loan target. Finally, the loan limit reduction techniques were assessed using loan reduction policy, credit management process, risk credit seekers, and customer credit scoring. Moreover, the financial performance of SACCO was measured using financial sustainability, profitability and liquidity.

3.0 Materials and Methods

This study used a descriptive with both qualitative and quantitative approaches. Moreover, concluding remarks, recommendations and suggestions were relied on qualitative data. The target population for the present research was staff of Umurenge SACCO in Gasabo District. The employees were 152. However, the target population for this research is those employees in five departments that are concerned with risk management on daily basis. For quantitative data analysis, descriptive and inferential statistics were used while qualitative data analysis used content analysis.

4.0 Results and discussion

The research results discussion explores three integral aspects of loan recovery processs concerned with effect of fines, adverse credit listing, and loan limit reduction on financial performance at Umurenge SACCOs in Gasabo District. Five point Likert scale was utilized as it is very simple and clearer than other scales.

4.1 Effect of Fines Technique on Financial Performance of Umurenge SACCO in Gasabo District

Table 1 summarizes the results of Fines Technique

Table 1: Fines Technique

Fines techniques used by Umurenge SACCO in Gasabo District.	Strongly Disagree %	Disagree %	Not Sure %	Agree %	Strongly Agree %	Mean	Sd
Defaulting rate	4.1	18.9	18.6	36.1	22.2	3.53	1.5
Loan payment plans	8.6	21.0	24.3	28.7	17.5	3.25	1.21
Loan granting policy	8.0	22.8	23.4	29.6	16.3	3.23	1.20
Consumer willingness and loan repayment	11.2	9.5	24.0	30.5	24.9	3.48	1.27

Source: Primary Data (2023)

Data in Table 1 demonstrated that 36.1% strongly agree that fines and defaulting rate was among fines technique applied and complied with at Umurenge SACCO in Gasabo District. Moreover, 28.7% of respondents accepted the loan payment plans was the main focus at Umurenge SACCO. However, loan granting policy provided to participants where 29.6% strongly accepted, consumer willingness and loan repayment were strongly agreed as ability to fulfil financial obligation. The study established that after possessing an interview with the Umurenge SACCO staff members for knowing what activities associated to loan recovery policies at Umurenge SACCO. Table 2 includes the discussion of Correlation Analysis between Fines Technique on Financial Performance.

Table 2: Correlation Analysis between Fines Technique on Financial Performance

		Financial Sustainability	Financial Profitability
Defaulting rate	Pearson Correlation	.119*	.049
	Sign.(2-tailed)	.048	.414
	N	109	109
Loan payment plans	Pearson Correlation	.025	.007
	Sig.(2-tailed)	.683	.910
	N	109	109
Loan granting policy	Pearson Correlation	.121*	102
	Sig.(2-tailed)	.044	.091
	N	109	109
Consumer willingness and loan repayment	Pearson Correlation	.121*	102
	Sig.(2-tailed)	.044	.091
	N	109	109

Source: Primary Data (2023)

Findings in Table 2 demonstrated that a correlation between variables. For the fines and defaulting rate, the existence of insignificant association between defaulting rate , sustainable finance (r=0.049, p-value=0.414) and defaulting loan and financial profitability (r=0.074; p-value=0.223). Therefore, the correlation are statistical insignificance where the p-value was ,more than 0.05 the increase in using defaulting rate for fines impact the financial sustainability and profitability and vice versa.

Moreover, results on the loan payment plans demonstrated a statistically significant link betweeb loan payment plans and profitability(R=0.119*, P=0.048). This was statistically associated with since the p-value was 0.05, meaning that a change in loan payment plans produce a change in positive in the financial sustainability. Unfortunately, insignificantly correled with loan payment plans and financial sustainability (r=0.025; the p-value=0.685). This assocauton was statistical insignificant because the p-value was more than 0.05 denoting that enhancement in loan payment plans did not influence financial sustainability and vice versa.

Results on the correlation between loan granting policy and dependent variables, loan granting policy was associated with financial sustainability (r=0.121,p-value=0.044) and financial profitability (0.102,p-value=0.091). Therefore a statistically association was found between loan granting policies on financial profitability. Results on the correlation between ability to consumer willingness and loan repayment and financial sustainability (r=.121**, ρ-value =0.044), consumer willingness and loan repayment and financial profitability (r=102, p-value=0.091). There were positive relationships since ρ-value was less than 0.05.

4.2 Effect of Adverse Credit Listing Techniques on Financial Performance of Umurenge SACCO in Gasabo District

Table 3 includes the discussions of Effect of Adverse Credit Listing Techniques at Umurenge SACCO in Gasabo District

Table 3: Effect of Adverse Credit Listing Techniques within Umurenge SACCO in Gasabo District

Adverse credit listing technique used	Strongly Disagree %	Disagree %	Not Sure %	Agree %	Strongly Agree %	Mean	Sd
Risk identification	5.9	13.0	18.3	50.3	12.4	3.50	1.05
Information symmetry	6.2	20.4	23.4	26.9	23.1	3.40	1.21
Efficient lending	5.9	17.2	18.6	34.9	23.4	3.52	1.19
Loan target.	6.5	20.1	24.6	29.6	19.2	3.34	1.18

Source: Primary Data (2023)

Findings in Table 3 demonstrated that 50.3 agreed that Umurenge SACCO applied the adverse credit listing techniques. Therefore, 26.9% of respondents felt that Umurenge SACCO conducted risk identification process. However, 34.0% of respondents accepted that Umurenge SACCO denoted that information symmetry was adopted and ensured Finally, 29.6 of respondents agreed that the Umurenge SACCO prepared efficient lending, and loan target while the remaining evidenced the existence of the loan target. From the interview contend that adverse credit listing techniques is held for increasing the financial performance of SACCO, therefore, since it was done at high level organizations, the clients had less skills on how to execute it.

Table 4: Correlation Analysis between Adverse credit listing techniques and Financial Performance

	Financial Sustainability	Financial Profitability

Risk identification Information symmetry	Pearson Correlation	215	0.244
	Sign. (2-tailled)	0.048	0.346
	N	109	109
Information symmetry	Pearson Correlation	-0.308	0.680**
	Sig.(2-tailed)	0.229	0.003
	N	109	109
Efficient lending	Pearson Correlation Model	-0.523*	-0.637**
	Sig.(2-tailed)	0.031	0.006
	N	109	109
Loan target	Pearson Correlation Model	-0.391	-0301
	Sig.(2-tailed)	0.120	0.241
	N	109	109

Source: Primary Data (2023)

Results in Table 4 indicates the existence of a positive relationship between risk identification and financial sustainability (r=0.215*, p-value=0.048). Obviously, there was insignificant relationship between the risk identification and financial profitability (r=0.244*, p-value=0.346), this association was statistically insignificant since the level of significance was more than 0.05 implying that enhancement of risk identification at no lead to ROE performance and vice versa. For information symmetry (r=0.931**, p-value=0.000). Information symmetry and financial profitability (r=0.680*, p-value=0.003) are statistically associated. Statistically insignificant association was established between information symmetry and financial sustainability. Since the p-value was > 0.05 proposing that adjustment in information symmetry does not affect the financial sustainability. There is a significant correlation found between efficient lending, and loan target and financial sustainability (r=-0.523*, p=0.031). Negative correlation was loan target and financial sustainability (r=0.391, p-value=0.120), insignificant relationship was discovered between loan target and financial profitability (r=-0.301, p=0.241).

4.3 Effect of Loan Limit Reduction Techniques on Financial Performance of Umurenge SACCO in Gasabo District

Table 5 includes the results for Loan Limit Reduction Techniques on Financial Performance of Umurenge SACCO in Gasabo District

Table 5: Loan Limit Reduction Techniques on Financial Performance of Umurenge SACCO in Gasabo District

Loan limit reduction techniques used	Strongly Disagree %	Disgree %	Not Sure %	Agree %	Strongly Agree %	Mean	Std
Loan reduction policy,	11.8	13.9	12.4	44.1	17.8	3.42	1.26
Credit management process,	4.1	12.4	22.8	39.3	21.3	3.61	1.07
Risk credit seekers	8.3	11.8	17.5	37.3	25.1	3.59	1.21
Customer credit scoring	11.8	17.5	37.3	11.8	19.4	3.32	1.32

Source: Primary Data (2023)

Findings in Table 5 give evidences related to loan limit reduction techniques. In this regards, 44.1% of participants accepted that loan reduction policy was adopted by Umurenge SACCO in Gasabo District. Moreover, 39.3% demonstrated that credit management process was effective at Umurenge SACCO in Gasabo District. In the same vein, 37.3% of confirmed the used of risk credit seekers. Finally, the findings evidences that customer credit scoring was adopted the SACCO. This implied that 33.4% confirmed the statement.

Table 6: Correlations between loans limit reduction techniques on Financial Performance

		Financial Sustainability	**Financial Profitability**
Loan reduction policy	Pearson Correlation	.167	.393**
	Sig.(2-tailed)	.078	.000
	N	109	109
Credit management process	Pearson Correlation	-.050	-.159
	Sig.(2-tailed)	.602	.093
	N	109	109
Risk credit seekers	Pearson Correlation	.032	.058
	Sig.(2-tailed)	.741	.545
	N	109	109
Customer credit scoring	Pearson Correlation	-0.391	-.0301
	Sign.(2-tailed)	0.120	0.241
	N	109	109

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

Source; Primary Data (2023)

Results demonstrated significant association was established between loan reduction policy and financial sustainability (r=.167*, p=.078), the loan reduction policy and financial profitability (r= .393*, p-value=0.000). All association were positives because the p-value was more than 0.05 suggesting that increase in the loan reduction policy, financial sustainability and profitability. The study discovered a negatively association between credit management process and financial sustainability (r=.-050*, p=.602), credit management process and financial profitability (r=.-159*, p=.093). The first one was not statistically correlated significantly since the level of significance was more than 0.05 that adjustment of loan reduction policy, credit management process reduced the level of financial sustainability. The significant relationship was seen between risk credit seekers and financial sustainability level (r=.032*, p=.741), risk credit seekers and financial profitability (r=.058*, p=.549). Therefore, the association was significant since the level of significance was 0.05 proposing that an adjustment of the risk credit seekers enhance financial sustainability and profitability and vice versa. Finally, insignificant link was established between customer credit scoring and financial sustainability (r=.0.391*, p=.0.120), customer credit scoring and financial profitability (r=.0301*, p=.0.241).

4.4 Discussion of the Results

This study did not contradict with the results of a study done by by Ngondo (2018) accepted that using punishment on delayed payments was adopted by banks as of part of debated recovery techniques over the last few years. According to Kamar and Ayuma (2016). The technique an organization would use pertinent relying on the correlation it had to borrower. According to Boloro (2018), felt that credit techniques gives monitors, managers and evaluators with the purposive for examining early payment of financial and economic means. The preparation thoughts related to the selection of recognition, infringement, fees, costs duration and education level and range.

The present inferential statistics did not contradict the work done by Stern, Makinen, and Qian (2017). Digital lending technology is also advancing in corporate lending despite naturally corporate financial institutions moving with greater caution and less urgency. Instead of networking the entire customer experience, financial institutions enhance common procedure like digital papers and the automation of annual revisions to enhance time as well as quality of service being offered (Hu, Lian , & Su, 2016). Data from this research did not contradict the work of Weaver and Gahegan (2017), loan data distribution facilitates both technological and non-digital banks in overcoming problem related to loan proportioning. The assessment is very critical since the loan becomes an agreement where the borrower is supposed to repay within an agreed period of time without failure. It concurs with Kemp and Buckley (2017). In this case credit bureaus then become giant storage facilities offering a unified database for everybody's record as a consumer just as exercises. The findings from the ongoing research did not contradict with Wandera (2017) carried a research on determinants of local collection success among financial institution via the outsourced companies.

According to Ayagre et al,(2014), results of a study carried out by lending is very risk in that reimbursement of the credit isn't constantly ensured and the majority of the occasions relies upon the components not in the control of the borrower (Altman and Sironi , 2014). In this way, overseeing advances in an appropriate way not just has positive effect on the money related foundations yet additionally on the borrower and the nation's economy overall. Inability to oversee credits which make up the biggest portion of money related establishments might want to prompt elevated levels of nonperforming advances. The study was relevance in comparison with finding of credit observing or monitoring which is viewed as the measures to preserve monetary foundations understanding the research cash based condition of customers or banks, ensure that recognize were in the context of previous studies by the usage of customer d done insisted loan limits, ensure for foreseen salaries and noteworthy loan limits commitment changing essentials (Altendorf & Schreiber, 2015). .

5.0 Conclusion

Regarding the first objectives, the most commonly adopted fines techniques were defaulting rate, loan payment plans, loan granting policy given to respondents, and consumer willingness and loan repayment. In correlation with the fines techniques with financial performance of

Umurenge SACCO, it was evidenced that the adopted techniques helped the SACCO to increase its financial sustainability and profitability. A statistically significant link with repayment plans and profitability, loan granting policy is positive correlated with financial sustainability and financial profitability, consumer willingness and loan repayment and financial profitability. The study did not reject the hypothesis and carried out the existence of significance of various fines techniques and the success of Umurenge SACCO.

Regarding the second research objective, the researcher firms that applied adverse credit listing techniques at Umurenge SACCO in Gasabo District are risk identification process, information symmetry, efficient lending, and loan target. The application of the aforementioned techniques has contribute to the performance of Umurenge SACCO in term of sustainability and profitability. This was shown by a significant correlations between identifying risks and sustainability (r=0.215*,p-value=0.048). In opposition, there was significant association between risk identification and financial profitability. For information symmetry and financial profitability are statistically association. Insignificant association was established between information symmetry and financial sustainability. Negative correlation was loan target and financial sustainability, insignificant correlations also found between loan target and financial profitability. It denotes that Risk identification information symmetry and efficient lending, and loan target did not affect the success. The second null hypothesis stated that there H02: no significant impact of adverse credit listing techniques on financial success of Umurenge SACCO. Hence, the researcher concluded that there was significance association between adverse credit listing technique and financial performance of Umurenge SACCO.

Regarding the third objective, it was indicated that loan reduction policy, credit management process, risk credit seekers, and customer credit scoring. The significant positive relationship was evidenced between loan reduction policy and financial sustainability, the loan reduction policy and financial profitability. A negative correlation was discovered between credit management process and financial sustainability, credit management process and financial profitability. The significant relationship was seen between risk credit seekers and financial sustainability level, risk credit seekers and financial profitability. Finally, insignificant link was established between customer credit scoring and financial sustainability, customer credit scoring and financial profitability. The study revealed that when loan reduction limit techniques are hold constant financial performance of Umurenge SACCO is 4030. The third null hypothesis denoted no significance relationship loan reduction limit techniques on financial success in Umurenge SACCO. Results showed that relationship loan reduction limit techniques on financial performance in Umurenge SACCO had p-value.

6.0 Recommendations

Th study recommendations that: Enhanced resource mobilization by ensuring that Umurenge SACCOs have enough direct and indirect funds to meet the demand for loans hence, establishing a sustainable revolving fund; Commendable strategies regarding exculpation from loan repayment & interest should be established. This poorly helps minimize renege and motivate borrowers to repay punctually, or even prior; Clients need to be taught how to make the most of their borrowed funds. It should pay attention to client complaints in order to properly service their needs and achieve its objectives. Because of the researcher's restricted resources, the investigation was not comprehensive and conclusive enough. However, more research is needed to determine whether Umurenge SACCOs have assisted their clients in improving their businesses and the implications of providing long-term loans to clients.

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