

**ASSESSMENT OF CREDIT MANAGEMENT AT COMMERCIAL BANK
OF ETHIOPIA: IN THE CASE OF HOSSANA DISTRICT**



COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF ACCOUNTING AND FINANCE

**A RESEARCH PAPER SUBMITTED TO DEPARTMENT OF ACCOUNTING AND
FINANCE IN PARTIAL FULFILLMENT OF THE REQUIREMENT FOR BA DEGREE
IN ACCOUNTING AND FINANCE**

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Declaration

I, **Mamo Yibekal** declare that this thesis entitled “**Assessment of credit management at commercial bank of Ethiopia in Case of Hossana District**” submitted to the department of accounting and finance in partial fulfillment of the requirement for the award of bachelor of art degree (BA) in accounting and finance is an output of my own effort. I have produced it independently except for the guidance and suggestion of the thesis advisor (Mrs. Mahlet). That all sources of materials used for the study have been duly acknowledged. To the best of my knowledge this work has not been submitted for any degree at this university or any other university and colleges.

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Approved by: The examiner approve that this research paper has passed through the defense and review process

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This is to certify that the thesis entitled “**Assessment of credit management at commercial bank of Ethiopia in Case of Hossana District**” submitted in partial fulfillment of the requirements for the Bachelor of Art in Accounting and Finance and has been carried out by **MAMO YIBEKAL** under my supervision. Therefore, I recommend that the student has fulfilled the requirements and hence here by can submit the research paper to Department of Accounting and Finance.

Name of Advisor

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List of Acronyms

CBE – Commercial Bank of Ethiopia

SMEs – Small and Medium Enterprises

CBN – Central Bank of Nigeria (mentioned in the literature review)

CE – Central Ethiopia (mentioned in the research area description)

UBS – Union Bank of Switzerland (referenced in the literature review)

ABSTRACT

This study assesses the credit management practices at the Commercial Bank of Ethiopia (CBE), focusing on the Hossana District. Credit management is a critical function in banking, ensuring efficient loan administration, minimizing non-performing assets, and optimizing financial performance. The research aims to evaluate the effectiveness of credit policies, identify challenges in credit management, and recommend improvements to enhance loan performance. A mixed-methods approach was employed, combining quantitative data from questionnaires administered to 20 Credit Department and qualitative insights from interviews with the Credit Manager credit monitoring officer, credit recovery officer, credit analyst, and customer relationship manager. The findings reveal that while the bank has established credit policies (confirmed by 100% of respondents), challenges such as inadequate staff for risk analysis (60%), poor lending practices (15%), and borrower bankruptcy (25%) hinder effective credit management. Loan defaults were predominantly observed in the service sector (60%), with key causes including insufficient borrower information (30%) and lack of consultancy services (30%). The study recommends strengthening follow-up mechanisms, improving staff training, updating credit policies to reflect current market conditions, and prioritizing short-term loans to mitigate liquidity risks. These measures aim to enhance the bank's credit management system, reduce defaults, and improve overall financial stability. The findings provide valuable insights for CBE management, policymakers, and future researchers in the field of banking and finance.

Keywords: Credit management, Commercial Bank of Ethiopia, loan performance, non-performing loans, risk assessment.

CHAPTER ONE

1. INTRODUCTION

1.1. Back ground of the Study

Bank is a financial intermediary that accepts deposit and channel those in to lending activity either direct by loan or credit to customer indirectly through capital market. A bank links customer capital deficits and customers with capital surpluses. Banks provide valuable services to the community as they serve to channel money from those who have idle fund to those who put the money in to constructive use. (Corley (2019) and Adeniyi (2019)), in this sense, credit management is an importance thing to see.

Credit management used to identify accounting function usually conducted under umbrella of accounting receivable. Essentially, this collection in the process involves qualifying the extension of credit to customer, monitors the recent and hanging of payments on out stand invoice, intention collection procedure and the resolution of dispute or queries regarding charges on customer invoice. (Malcolm Tatum, (2020))

When effective credit management begins with accurately assessing the credit worthiness of customer basis, several factories are used part of credit management process to evaluate and qualify customer for the receipt of some form of commercial credit. This including current credit score, the current ratio between income and outstanding financial obligation will also be taken in to consideration of components of credit managements seeks to not only protect the customer from crediting more debt obligation that can't be settled in clammy manner. (Corley (2019) and Adeniyi (2019)),

Credit management is the process of controlling and collecting customer payment. A good credit management system will help to reduce the amount of capital tied up with debtor and minimize export market day to day inability to get bank credit previously' to commercial bank of Ethiopia from 2020 on words during the start operation and project management dependent was responsible for handling the operation of schemes later on us cut 2021. Export credit garnet and special fund administration, borrower start to undertake responsible. (Www.wise peek.com/what – is - credit management?).

A credit management system is a system for handling credit accounts from assessing risk and determining how much credit to offer to send out bill to collect payments. Credit management systems are available through a number of companies, and they can be necessary in cases where a system needs to communicate with a financial institutions existing computer network, or in other situations.

The credit management system provides connection to credit scores and other measures of financial risk. This can be important for assessing new applications for credit as well as adjusting accounts in response to changing financial risk. The system may automatically increase interest rates and other expense associated with an account, if the person starts to default on other debt, for example, or if someone is carrying unusually high level of debt. (2020-2019 conjecture Corporation).

1.2. Statement of the Problem

The statement of the problem limits itself to assessing credit management in banks to overcome related issues. Scholars and researchers have explored credit management, identifying problems and offering suggestions for improvement. Ran-Al-Mo Sharrafa (2020) notes key problems in credit management, stressing the importance for credit managers to regularly review credit policies and diversify credit loans while applying effective credit management practices.

Significant challenges in credit management at the Commercial Bank of Ethiopia, especially at the hosanna district, have been identified. These challenges include inadequate review of credit policies, which leads to outdated practices that do not fit current market conditions. There is also limited diversification of credit loans, with the bank focusing on specific sectors, making it vulnerable to sector-specific risks. Furthermore, there is insufficient application of effective credit management techniques, resulting in poor assessment and risk management.

Challenges in implementing effective credit management arise from various internal and external factors. Current practices do not effectively address the complexities of the financial environment. Contextual factors, such as economic conditions and regulatory frameworks, also influence credit management practices. Additionally, bank staff may lack awareness of effective lending principles, which can cause sub optimal decision-making.

Actions suggested for improvement include having credit managers review and update credit policies, diversifying credit loans, and applying proper management techniques.

Preliminary surveys at the Commercial Bank of Ethiopia's hosanna district indicated critical issues in credit management. Staff noted outdated credit policies that did not reflect market dynamics or emerging risks, alongside a concentration of the loan portfolio in a few sectors, mainly agriculture and trade.

The surveys highlighted that staff often resorted to informal methods for assessing credit worthiness, leading to inconsistent lending decisions. Inadequate training and resources hinder the effective management of credit risks, while external factors like economic instability pose additional challenges. Current practices may lack modern risk assessment tools, preventing the bank from enhancing its credit evaluation processes.

Many employees also lack adequate knowledge of effective lending principles, leading to poor decision-making. The researcher identified challenges in applying effective credit management, limitations in existing practices, and factors influencing credit management. Despite literature on these topics, there is a lack of empirical research on the Commercial Bank of Ethiopia, particularly in understanding local economic conditions and cultural factors in credit management. This research aims to address these gaps by investigating specific challenges faced by the bank in implementing effective credit management practices, assessing lending policies, and identifying principles of effective credit management.

1.3. Research Question

The proposed study is tried to answer the following questions:

1. What are the credit requirements of commercial bank of Ethiopia adequate to make for effective credit management
2. What are the major challenges in implementing effective credit management at CBE hosanna district?
3. Does the organization use proper control of credit management policy?

1.4. OBJEGTIVE OF THE STUDY

The objective of the study was categorized into general and specific objective.

1.4.1. General Objective of the Study

The general objective of the study is to assess the credit management of the Commercial Bank of Ethiopia in the case of Hossana District.

1.4.2, Specific Objective

- To examine credit management requirements in commercial banks of Ethiopia.
- To identify the major challenges (e.g., staff inadequacy, borrower defaults) in credit management and propose solutions.
- Identify the proper control of credit management policy.

1.5. Significance of the Study

The study was of significance to many people, organizations, Government, and policy makers as follows:

- It provides empirical data for policy makers that assisted towards formulating appropriate policy environment for the operations of commercial banks of Ethiopia in Hossana district.
- To provide possible suggestions on the benefits derived from adopting credit management in the banking industry.
- It helps to investigate the challenges for adopting credit management in the banking industry.
- The study was also of significance to future researchers as literature review, and further provoked research in the area of credit management.
- It helps as additional sources for other researchers.

1.6. Scope of the Study

Geographical Scope: This study focuses on the Commercial Bank of Ethiopia (CBE), specifically its Hossana District, located in the Hossana town. While CBE operates nationwide, the research is confined to this district to provide a detailed assessment of credit management practices in a localized context. The findings may not be fully generalized to other branches due to regional economic variations, but they offer insights into challenges and opportunities relevant to similar urban or semi-urban banking environments in Ethiopia.

Conceptual Scope: The study examines credit management practices, emphasizing their impact on loan performance and risk mitigation. The research also explores challenges such as staff

adequacy, borrower default rates, and policy implementation gaps. However, it does not delve into broader financial performance metrics (e.g., profitability, liquidity) or macro economic factors influencing the banking sector, as these fall outside its primary focus.

Methodological Scope: The study employs a mixed-methods approach, combining quantitative data from questionnaires (20 Credit department) and qualitative insights from interviews credit Manager, credit monitoring officer, credit recovery officer, credit analyst, customer relationship manager and loan officers, This design ensures a balanced analysis of institutional practices and stakeholder perspectives. The sampling is limited to the Hossana district , using a census method for credit department, which ensures inclusivity but may lack statistical representation for larger comparisons. The study prioritizes descriptive analysis, with recommendations grounded in observed operational realities rather than experimental or longitudinal data.

1.7 Operational Definitions and Key Terms

Credit Management The process of controlling and collecting customer payments, including assessing credit worthiness, setting loan terms, monitoring repayments, and mitigating risks to minimize non-performing loans.

Commercial Bank of Ethiopia (CBE) The largest state - owned bank in Ethiopia, providing financial services, including loans, deposits, and credit facilities, with a focus on the Hossana District in this study.

Hossana District– A specific branch of CBE located in the Hossana town , Central Ethiopia, serving as the primary unit of analysis for this research.

Loan Types

Short-term loans – Credit with a repayment period of less than one year, typically used for working capital.

Medium-term loans – Loans with a maturity of 1–5 years, often for business expansion or equipment financing.

Long-term loans – Credit extended for more than five years, usually for large investments like real estate or infrastructure.

Credit Policy – A set of guidelines and procedures used by the bank to evaluate borrowers, approve loans, set interest rates, and manage repayment terms to minimize risk.

Credit worthiness – A borrower's ability to repay a loan based on financial history, income stability, collateral, and business viability, assessed through credit scoring and documentation (e.g., business plans, audit reports).

Non - Performing Loans (NPLs) - Loans where borrowers have failed to make scheduled payments for a specified period typically 90+ days, leading to potential financial losses for the bank.

Default Risk – The likelihood that a borrower will fail to meet their loan obligations, influenced by factors such as economic conditions, business failure, or poor financial management.

Loan monitoring the bank's process of tracking borrower repayments, conducting follow-ups, and taking corrective actions (example., warnings, penalties) to ensure timely repayment.

Staff Adequacy – The sufficiency of trained personnel in the Credit Manager to effectively assess risks, process loans, and manage borrower relationships.

Follow-up Mechanism – Procedures used by the bank to verify borrower compliance, including site visits, financial report reviews, and repayment reminders.

Credit Risk Assessment– The evaluation of potential borrowers using criteria such as character, capacity, capital, collateral, and economic conditions (the "5 Cs of Credit").

1.8. Limitation of the study

There are a number of limitations faced in this study. These are mention in the following:

The work load of credit department

Lack of accurate data from the organization with in the required time

Lack of reference material relating to the study was observed.

There is a problem of inadequate information.

1.9. Organization of the paper

The research report will be organized under five chapters as listed below: Chapter One Introduction: This Chapter consists background of the study, statement of the problem, research question, objective of the study (general and specific objective), significant of the study, scope of the study, organization of the paper and limitation of the study. Chapter Two: Review of related literature this chapter deals with the literature relevant to the study. It has an introduction, the theoretical and, empirical review. Chapter Three Research methodology: This chapter describes the approaches and design of research, population of the study, sampling techniques, the sources of data, the data collection, instruments, and the methods of data analysis used. Chapter Four: Data presentation, analysis and interpretation: This chapter summarizes the results/findings of the study; interpret and discuss the findings. Chapter Five: summary, conclusion and recommendation: This chapter comprises four sections, which include summary of major findings, conclusions, recommendations and direction for future study.

CHAPTER TWO

2. Literature review

The researchers have seen literature review based on two categories this are theoretical and empirical review. The theoretical review include definition of credit, types of credit, Commercial bank and credit Creation, Limitation on the power of banks to create credit, Factors influencing the volume of credit, Credit control instrument in bank and effective credit management. The empirical review also includes credit worthiness of commercial bank, principle of bank lending policy and others (SomaSharekar 2022)

2.1. Theoretical review

Credit refers to promise by one party to the other for money borrowed or service received payment it is medium of exchange to receive goods or services on demand at some future date. Credit is an arrangement to receive cash, good or service now and pay for them in the future (Kapoor/Dlabay, 2022).

U.B.S Dictionary of Banking and finance (2019) defined bank credit as the ability to borrow money on the promise of future repayment. The prudential guidelines, (2022) succinctly convey a more comprehensive definition of credit, it defines credit facility as the aggregate of all loans, advances, overdrafts, commercial papers, bankers' acceptances, bill discounted, leases, guarantees, and other loss contingencies connected with a bank's credit risks. In addition, the definition of credit proposed by the CBN Monetary policy circular (2022) agrees with the view above. Generally, we could conclude that credit includes all commitments by a bank that has risk exposure and that may result in financial loss to the bank. Mandel (2020) described credit simply as the right of a lender to receive money in the future in return for his obligation to transfer the use of funds to another party in the interim. The facility is as old as man is, though in the primitive society it was known as "mutual aid", because it was based on ancient customer of ensuring substance of all members of the community. Credit therefore arises out of the need to bridge the gap between the surplus and deficit economic units such that the financial institutions notable perform the highest level of satisfactory function among which are the Money deposits of banks.

In agreeing with this view, Corley (2019) and Adeniyi (2019) stated that credit is a crucial factor in growth process of any economy and that by lending banks provide valuable services to the community as they serve to channel money from those who have idle fund to those who put the money in to constructive use. Corley (2019) and Adeniyi (2019)

2.1.1. Types of credit

Most of the credit facilities that are offered in the credit market are in the form of loans. A loan is abroad term used to explain the different types of short term, medium, and long term credit facilitates extended in to credit market.

Depending on their need for credit, facility that suits his cash flow requirement and this is a low cost option. To meet the varied requirement of the borrowers, banks have also developed a variety of credit facilities. The development of those credit facilities essentially depends on three parameters:-

- ✓ The purpose of credit
- ✓ The nature of credit
- ✓ The security offered

As already seen the credit requirement arises from both then demand and the supply side of the economy. The loans that are extends to the supply side can be classified as commercial loans while the demand side loans are individual loans.

There are three main Types of credit: (shekhay, 2020)

- a) Installment credit
- b) Operating credit
- c) Receivable credit

A) Installment credit

In this type of finance, once the credit amount is decided to either the bank will disburse amount at one go or on staffs depending on how a project is implemented. The requirement process, which generally on installment basis will commence after the entire credit amount is disbarred. The installment can be monthly, quarterly, half- yearly or annual payment.

The frequency of the installment depends on the cash flow stream of the borrower. Based on this repayment schedule the tenure of the credit facility was decided.

B) Operating credit

The operating credit is for meeting financial requirement of the daily operations. Since, the firm cannot know its' exact requirement on any given day, the bank provides an operating account (current account) after deciding on the credit limit.

The firm can withdraw from this account using a check facility as and when it requires the funds. The repayment mechanism for such credit facility is also different from the installment credit. The firm will repay into the same current account as and when it has surplus.

Generally, this credit is extended for a period of one or two years. However, since the firm is going concerns this credit facility may actually be rolled over every year. This makes the operating credit a permanent credit facility.

C) Receivable finance

The other type of credit is receivable finance where from of the bill finances. Sales transactions of a firm are generally, either in cash or credit form. In credit sales, as it was observed payment would be made at predetermined time of after the sales was actually taken place. This results in the creation of receivables for the selling firm. ((D. morale Dharan), (2020)).

2.1.2. Commercial bank and credit Creation

Commercial bank is bank which performs advancing loan credit is one of the most important functions of the bank like other corporation the bank aim at profits when bank advance loan it does not pay the amount in cash but it open a current account on this name and allow him to withdrawal they require sum by cheques.

The power of commercial banks to create credit is limited mainly by the cash reserves that they have to hold against their deposit and the total amount of legal tender currency issued by the central bank. (KC, Shekhar, 2019)

2.1.3. Limitation on the power of banks to create credit

When the bank create a credit a certain restriction limit the power of the bank to create credit but it does not mean that bank have only limited under certain restriction. The following are limitation on the power commercial bank to create credit. Devaney (2022)

Amount of cash: -the credit creation power of banks depends up on the amount of cash they possess. The larger the cash, the larger the amount of credit that can be created by banks.

The banks power of creating credit is thus limited by the cash it possesses.

2. **Proper securities:** - Important factors that limit the power of bank to create credit are the availability of adequate securities. A bank advance loan to its customer based on security or bill or a share, or a stock or some other type of asset. It turns ill- liquid form of wealth to liquidate wealth and thus create credit if the proper securities are not available with the public bank cannot create credit.
3. **Banking habits of the people:-**the banking habits of the people also govern the power of credit creation on the part of bank. If people have not in the habit of using cheques, the grant of loan will lead to withdraw of cash from the credit creation stream of the banking system this reduce the power of banks to create credit to the desired level.
4. **Climate banks cannot** - continue to create limitedly their power to create depends up on the economic climate in the country. If there are beam time there is optimum investment opportunities increases and businesspersons take more loan. Form bank cannot force the business community to take loan from them, thus the economic climate to country determined the power of bank to create credit.
5. **Minimum legal reserve ratio:** - Minimum legal reserve ratio of cash to deposit fixed by the central bank is an important factor, which determines the power of banks of creates credit. If the high reserve ratio, the bank's credit creation will be reduce, and the lower reserve ratio, the higher power of the banks to create credit.

2.1.4. Factors influencing the volume of credit

Sometime credit expand when borrowing and lending so a briskly at any time credit contract at take place. We discuss below the factor, on which the volume of credit depends in country. (N, Kumar Rmittun, (2022))

1. **Boom and recession:** under boom condition when industry and trade are expanding. The demand for credit increases the creditor lends more because the interest is rising. They also know that when the money will return due to high rate of profit in the industry, but when there is recession the quantity of credit decreases.
2. **Political condition:** credit expands when there is political stability in the country it encourages investment, which increases the demand for credit.
3. **Currency conditions:** the volume of credit expands or contracts depending upon the current conditions of the country if the currency system is stable; the quality of credit increases.
4. **Banking system:** if the banking system is fully developed with a large number of commercial banks and a sound bank finance situation in the country the quality of credit expands. Such banking institutions provide large credit facilities to trade and industry in the country. In an undeveloped banking system to keep the quality of credit at a low level.
5. **Speculation:** speculation and credit expansion or contraction go together. When speculative activity is high credit expands when speculators lose credit contracts.
6. **Credit policy:** Central banks follow a cheap policy to reduce the interest rate and the demand for credit increases in the country. A tight credit policy raises the interest rate and contracts the quality of credit in the country.
7. **Economic development:** credit expands in the developing country in which new banks and financial institutions are set up. Industries to agriculture in the poor country are low because trade in agricultural and business industries in banks is weak. (JhiganM.L, 2020)

2.1.5. Credit control instrument in bank

1. **Promissory note:** the Promissory note is the earliest type of credit instrument. A promissory note is drawn by the debtor and has to be accurate. The credit can get it discounted from his bank at a premium by paying an initial sum by way of recovery.

A promissory note is an instrument in writing (not being a bank note or a bill of exchange) continuing an unconditional undertaking, signed by the maker, to pay a certain sum of money only to or to the order of a certain person or the bearer of the instrument.

The essential requirements of a promissory note are:

- ✓ It may be in writing
- ✓ It must contain an undertaking to pay

- ✓ The understanding to pay must be unconditional
- ✓ The must be signed by the maker
- ✓ The under taking must be to pay in many only
- ✓ It must be undertaking to pay in money only
- ✓ The payee must be certain

2. **Bill of exchange:** a bill of exchange is an instrument inwriting an unconditional order. Signed by the maker, directing a certain person to pay a certain sum of money only to, or to the order of a certain person or the bearer of the instrument.

The essential requires of a promissory note are

- ✓ It must be in writing
- ✓ It must contain an order to pay
- ✓ The order to pay must be certain
- ✓ The sum payable must be certain
- ✓ The order must be to pay money only
- ✓ The payee must be certain.

3. **Bank note:** the central bank of country issue currency notes in strictly spanning bank note currency and note credit instrument.

4. **Cheque:** A cheque is an order on the bank, written by the drawer who has his deposit with that bank to pay no demand the stated sum of money to the person name with that institution. Cheque is a bill of exchange drawn by a specified banker and expressed to be payable otherwise than on demand. (N, Kumar, RMitta~ 2022)

The cheque had its origin in the ancient banking system in which bankers would issue orders at the request of their customer to identified payees. Such an order was referred to a bill of exchange. The use of bill of exchange facilitated trade by eliminating the need for merchants to carry large quantities of currency to purchase goods and services.

5. **A credit card:** a credit card is a system of payment normal after the small plastic card issued to users of the system. It is deferent a debit card in that it does not remove money from the users account after every transaction. Credit card is a recent addition to credit instrument. Is the issue of credit cards by banks credit card, holders are allowed credit facilities of by concerned bank for specified period of time without any securely form them there are national and international credit card. (D. Moral, Edharan, 2022).

2.1.6. Effective credit management

Control can maybe effective if the credit manager was the authority to approve or reject orders. Within the support of a proper credit policy with that power come the responsibilities to reject the bare minimum, and accept the profitable majority, or find ways of accepting the majority, which will earn profit.

That power also requires the ability to communicate reasons fluently to the affected and to do everything to arrange terms to be able to accept orders.

Long-term fraud is a commercial evil, which certainly requires good credit management controls the order entry. Stage the stop list, accurate and regular risk analysis and attention top changing patterns. These are all weapons in the fight against this kind of fraud, usually involving popular consumer goods, which involves the purchasing of substantial amount of goods on credit with deliberate intention of disappearing (deliberately going bust without paying for them).

Good credit management practice. Applying the stand and caution to newly formed Finns and changes in owner ship will keep lesser to a minimum. Effective credit management remains and will continue to be support from top management. The institution of credit management was witness's remarkable growth since 2019 in the member employees now looking for "trained and qualified" credit managers. and the parallel growth of employee willing to invest in this employees by way of training and staff development number of organization in the future will be able to operate both effectively and profitably without company, wide agreed and implemented polices including credit. Ran-Ali- mosharrafa, (2020)

Effect credit management would definite have significant in fact on coronaries performance this workshop wills other contemporary strategies and techniques to deal with those in tractable problems. The following is important or essential for effective credit management.

- Understanding the strategist importance of credit management
- The price of effective credit management
- Marking credit management and in legal management function (Burt Edwards 2021)

2.2. Empirical Review

The researchers review different international journal article and identifying the finding out, methodology, and objective. According to Ran-Ali- mosharrafa,(2020) studies indicate that determination of credit worthiness of commercial bank is depending on the five of credit management these are present to below. (Matovu and Okumu, 2019)

1. **Character:** - this refers to the borrower integrate, honesty, intention and will gneiss to repay the loan money. The bank (lender) considers the following question. Those are Does the borrower have a bad credit history has the borrower bankruptcy in the past. The borrower answer for those questions “yes” create uncertain for the bank and borrower character is full of debt.
2. **Capacity:**-this refers borrower business ability particular profit making report and this address the borrower’s cash flow and ability to repay the debt from all going business operation. Unforeseen business difficult will always arise.
3. **Capital:** - this is the borrower financial net worth is significant positive net worth has potential to offset insufficient cash flow. Because financial perceive the borrower still has more than adequately mean to repay the loan and mean that financial strength to cover business risk.
4. **Collateral:** - this refers to ability to produce additional securities or any property owned by the borrower that can be pledged against another loan financier would properly not consider it available to be pledge again until the previous loan has been paid off.
5. **Condition:** - it is the general business condition and economic, industrial and company specific prospects and event that may occur during the period of the loan that could have significant effect on you.

The researcher Martin Omera, (2020), he studies the important thing that to manage credit is applying of basic stage in the lending process. Anjichi, (2019) describes it as the 'heart' of a high quality portfolio. This involves gathering, processing and analyzing of quality information as way of discerning the client's credit worthiness and reducing the incentive problems between the lenders as principals and the borrowers as agents. The bank's credit policy, procedures and directives guide the credit Assessment process.

Banks should base their credit analysis on the basic principles of lending which are Character, Capacity, Capital, Collateral and Conditions (Matovu and Okumu, 2019). It is

designed to ensure lenders take actions, which facilitate repayment or reduce repayment likely problems. This information about the riskiness of the borrower makes the financial institution to take remedial actions like asking for collateral, shorter duration of payment, high interest rates and other form of payment (Stiglitz and Karla, 2022) when a financial institution does not do it well, its performance is highly affected. Edminster (2021) stressed the importance of credit analysis when he observed that its abandonment often resulted into several banks using credit card to process. The variable we have, according to Hunte (2019) included the length of time taken to process applications, credit experience, proportion of collateral security to the loan approved. It was found out that long waiting time reflected a shortage of credible credit information required to make informed credit decisions. This in turn leads to greater risk more intense credit rationing and low repayment rates. Hunte (2019) also observed that loan experience indicated the ability to manage the business loans better hence good quality borrowers for the business. A less experienced borrower has less ability to manage a business loan and therefore is not credit worthy (Devaney, 2022; Robinson, 2019; Hunte, 2019). This implies that there are big risks associated with new borrowers since the loan officer has no familiarity of recovery from them.

According to Basel Committee on Banking Supervision Basel September, 2019 an effective Credit monitoring system will include;

Ensure that the bank understands the current financial condition of the borrower or Counterparty;

- Monitor compliance with existing covenants.
- Assess, where applicable, collateral coverage relative to the obligor's current condition.
- Identify contractual payment delinquencies and classify potential problem credits on a timely basis.

Specific individuals should be responsible for monitoring credit quality; including ensuring that relevant information is passed to those responsible for assigning internal risk ratings to the credit.

In addition, individuals should be made responsible for monitoring on an ongoing basis any underlying collateral and guarantees. Such monitoring will assist the bank in making necessary changes to contractual arrangements as well as maintaining adequate reserves for

credit losses. In assigning these responsibilities, bank management should recognize the potential for conflicts of interest, especially for personnel who are judged and rewarded on such indicators as loan volume, portfolio quality or short-term profitability.

From the above findings different researcher can be concluded that the bank, maintained standard credit management policy in the changing market situation to establish a set of credit management policy. By analyzing the data, it has been observed that the bank is in better position in respect of credit assessment procedure exercising in the bank. The goal of credit management to maximize the performing of asset and minimization of the non-performing asset as well as ensuring optimal point of loan and advance and their efficient management. The most important use of bank's lending policies. Yet there are risks in lending so the banks follow certain principle to minimize risks.

1. **Safety:** normally the banker uses the money of depositors in granting loans and advances. So first initially the banker while grating loans should think first of the depositors money.

The purpose behind the safety is to see the financial position of borrower whether he can pay the debt as well as interest easily.

2. **Liquidity:** it is a legal duty of bankers to pay on demand the total deposited money to the depositor. It is on important principle of bank lend for short period as well as for long period.

3. **Profitability:** commercial bank is profit-earning institutes nationalized banks are also not An exception. (www.managmentparadise.com.2023)

CHAPTER THREE

3. Research methodology

Research Methodology is the way to systematically solve the research problem. It may be understood as a science of studying how research is done systematically (Lawrence Neumann 4 edition, 2019)

3.1. Description of research area

This research area focuses on evaluating the credit management practices at the Commercial Bank of Ethiopia (CBE), specifically within its Hossana District. Credit management is a vital function in banking that influences the institution's financial health, risk profile, and service delivery to customers. Given the significance of effective credit management in fostering economic development, this study aims to explore how CBE's Hossana District navigates the complexities of lending and credit risk mitigation in a dynamic economic environment. Hossana District, situated in the Hossana Town of Central Ethiopia (CE), is experiencing notable economic growth, driven by an increasing demand for financial services among local businesses and individuals. The District plays a crucial role in supporting this growth by providing access to credit for various sectors, including agriculture and small to medium enterprises (SMEs). Consequently, understanding the District credit management practices is essential for assessing its effectiveness in meeting community financial needs while managing associated risks.

3.2. Research design

The research design for the study on credit management practices at the Commercial Bank of Ethiopia (CBE), Hossana District, was employ a mixed-methods approach. This design combines both quantitative and qualitative methods to provide a comprehensive understanding of credit management practices and their impact on customer satisfaction and financial performance. The following sections outline the key components of the research design. Research Approach: Quantitative: Structured questionnaires were distributed to all 20 Credit Department.

Qualitative: In-depth interviewees with the Credit Manager provided insights into credit approval processes, challenges, and mitigation strategies.

Data Collection: Primary Data: Questionnaires: Close-ended questions on loan types, credit policies, and default risks (Likert-scale and multiple choice formats). Interviews: Open-ended questions on borrower evaluation, repayment issues, and policy effectiveness.

3.3. Research approach/method

This research was employ a mixed-methods approach, combining quantitative and qualitative research methods to provide a comprehensive assessment of credit management practices at the Commercial Bank of Ethiopia (CBE), Hossana District. This approach allows for a robust analysis of both numerical data and personal insights, facilitating a deeper understanding of the credit management landscape.

3.4. Source of data

The study was conduct in primary data source. Primary data source was obtains through direct personal interview and questionnaire.

3.5. Method of Data Collection

For these studies, the researcher would use primary data and this data would be collected from target population through close-end questionnaire.

3.6. Target Population

The target population for this study comprises all working in the credit management department of the Commercial Bank of Ethiopia (CBE), Hossana District. This includes, Credit Manager, credit monitoring officer, credit recovery officer, credit analyst, and customer relationship manager who are directly involved in the bank's lending processes, risk assessment, and loan administration. Their insights are critical since they possess first hands knowledge of credit policies, customer interactions, and challenges in loan management.

By focusing exclusively on CBE Hossana District credit team, the study ensures precision and relevance as the respondents are the primary implementers of the bank's credit policies. Their feedback was providing actionable insights into the effectiveness of current credit management strategies and potential areas for improvement.

3.7. Methods of data analysis and interpretation

After the necessary information collect, it was organized and the data collect through descriptive method. Using the method, the data collect through questioner and interview passes through the process of coding and editing it my check by computers for completeness. The editing data was summarizing in the form of statement to population, percentage and table finally the result of the analysis was interpreted of presented carefully by researcher to assess the credit management.

3.8. Ethical consideration

This research adhered to strict ethical guidelines to ensure integrity, confidentiality, and respect for participants. Informed consent was obtained from all respondents, who were clearly briefed on the study's purpose, their voluntary participation, and the confidentiality of their responses. Personal identifiers were removed to maintain anonymity, and data was securely stored to prevent unauthorized access. The study minimized potential harm by avoiding sensitive questions and ensuring participants faced no negative consequences for their involvement. Ethical approval was sought from relevant institutional bodies to align with academic standards. Additionally, the research upheld honesty in data collection and analysis, with no fabrication or misrepresentation of findings. Conflicts of interest were disclosed, and the study prioritized transparency in methodology and reporting to maintain credibility. These measures ensured the research was conducted responsibly, safeguarding participants' rights while contributing valuable insights into credit management practices.

CHAPTER FOUR

4. Data Analysis and Interpretation

4.1 Introduction

After the relevant data is collected then analysis must be made in the form of meaning full manner so, in this section the researcher present finding concerning the study. The results presented in this chapter are based on the response obtained through the primary data gathering tools. The researcher have been also tried to analysis available data in the form of statement, percentage and table the target group of the study were currently Credit Managers, credit monitoring officer, credit recovery officer, credit analyst, and customer relationship manager of Commercial Bank Ethiopia in Hossana District.

4.2 Back ground of the respondents

The Researcher Have distributed 27 questionnaires for Credit Managers, credit monitoring officer, credit recovery officer, credit analyst, and customer relationship manager. From those respondents all Credit Department have to provide a responses for a given questioners so, that our analysis is based on the valid data provided by 20 respondents.

Table 4. 1 Sex Composition

Sex	Respondent	
	Number	Percentage
Male	16	80%
Female	4	20%
Total	20	100%

Source: On Survey 2025

According to the above table4.1, shows that 80% of the respondents are males and 20% of the respondents are females. This shows that a few number of female employees in the bank.

Table 4. 2 Age Composition

Age	Respondent	
	Number	Percentage
24-30	12	60%
31-37	6	30%
38-45	2	10%
Above 45	-	-
Total	20	100%

Source: On Survey 2025

According to the above table 4.2, shows that 60% of the respondents are found in the age group of 24-30, 30% of the respondents are found in the age groups of 31-37 and. 10% of the respondent are found in the age group of 38-45. This shows that the employees of the bank are categorized under young age.

Table 4.3 Education background

Education level	Respondent	
	Number	Percentage
BA Degree	12	60%
Master	8	40%
Total	20	100%

Source: On Survey 2025

According to the above table 4.3, shows that 60% of respondents are BA degree holders and 40% of the respondents are master degree holder. Therefore, the researcher earned that 60% of

respondents are BA degree holder, which shows that almost all of the bank employees have first-degree level.

Table 4. 4 Work experience of the respondent

Work experience	Respondents	
	Number	Percentage
7-12 years	8	40%
Above years	12	60%
Total	20	100%

Source: On Survey 2025

According to the above table 4.4, 40% of the respondents have an experience between 7-12 years old and 60% of the respondents have more than 12 years..

Table4. 5 Position currently held by respondent's

Work experience	Respondents	
	Number	Percentage
Credit Manager	1	5%
Credit Monitoring officer	4	20%
Credit Recovery Officer	5	25%
Credit Analyst Officer	5	25%
Customer Relationship Manager	5	25%
Total	20	100%

Source: On Survey 2025

According to the above table 4.5,shows that 5%of respondents is a manager,20% of respondents are a customer's officer in the bank, 25% of the respondents is a loan official and the remaining

25% is customer relationship manager fields. This shows that more of the bank employees are the costumer office.

4.3. Finding of the study

The researcher distributed questionnaires to employees only close ended Questions. This questionnaires analysis based on the Credit Managers, credit monitoring officer, credit recovery officer, credit analyst, and customer relationship manager response

Table 4. 6 Provision of loan by branch

Response	Respondent	
	Number	Percentage
Yes	18	90%
No	2	10%
Total	20	100%

Source: On Survey 2025

According to the above table4.6, shows that90% of the respondent reply that the bank give loan to customers. The remaining 10% of the respondents reply that the bank doesn`t given loan to customers. This shows that the bank give the loan to its customers.

Table 4. 7. Types of Loan

Response	Respondent	
	Number	Percentage
Short –term loan	1	5%
Medium –term loan	1	5%
Long-term loan	5	25%
Medium and long term	3	15%
All	10	50%
Total	20	100%

Source: On Survey 2025

According to the above table4.8,shows that 5% of the respondents reply the bank gives short – term loan, 5% of the respondents reply the bank gives medium –term loan, 25%of the respondents reply the bank gives long-term loan, 15% of the respondents reply the bank gives medium and long term loan. The remaining 50% of the respondents the bank gives all types term loans. Therefore, the bank provides all types of loan for the borrowers.

Table 4. 8. Credit policy of the bank

Response	Respondent	
	Number	Percentage
Yes	20	100%
No	-	-
Total	20	100%

Source: On Survey 2025

According to the above table 4.8, shows that 100% of respondents are reply that the bank have a policy to control its credit .This shows that the bank gives loan for who fulfill the policy of the bank. Therefore, the respondent indicates that the bank have a policy to control its credit effectively.

Table 4. 9. Benefits of the policy

Beneficiary	Respondent	
	Number	Percentage
Bank	5	25%
customer	15	75%
Total	20	100%

Source: On Survey 2025

According to the above table, 4.9 shows that 25% of respondents are reply that the credit policy of the bank benefits for bank and 75% of respondents are reply that the credit policy benefits for customer. This shows that the policy of the bank considered the safety of the borrowers because the policy of the bank benefit for the customer and itself.

Table 4. 10. Effective credit management

Response	Respondent	
	Number	Percentage
Yes	17	85%
No	3	15%
Total	20	100%

Source: On Survey 2025

According to the above table, 4.10 shows that 85% of respondents are reply that the bank applied effective credit management, and 15% of respondent are reply that the bank has not applied effective credit management. This shows the majority of respondent believed that the bank applies effective credit management in order to avoid default.

Table 4. 11. Credit information about loan making

Response	Respondent	
	Number	Percentage
Yes	18	90%
No	2	10%
Total	20	100%

Source: On Survey 2025

According to the above table 4.11 shows that 90% of respondent are reply that the bank have complete credit information about loan making and the remaining 10% of respondents are reply that bank have not complete credit information about loan making. This shows that the majority of respondent believed that the bank has complete credit information about loan making.

Table 4. 12. Consideration of credit worthiness

Response	Respondent	
	Number	Percentage
Yes	16	80%
No	4	20%
Total	20	100%

Source: On Survey 2025

According to the above table 4.12, shows that 80% of respondents are reply that the bank has consider the credit worthiness of borrowings, and the remaining 20% of respondents are reply that the bank has not consider the credit worthiness of borrowing. This shows that the majority of respondent believed that the credit application procedure of bank have considered credit worthiness of borrowing.

Table 4. 13. Identify and analyze of credit risk

Response	Respondent	
	Number	Percentage
Yes	15	75%
No	5	25%
Total	20	100%

Source: On Survey 2025

According to the above table 4.13. That 75% of respondents are reply that the loan offices identify and analyze the credit risk associated with specific loan and the remaining 25% of respondents are reply that the loan offices not identify and analyze the credit risk associated with specific loan. This shows that the majority of respondent believed that the bank loan officer the credit risk associated with specific loan.

Table 4. 14. Monitors the loan repayment

Response	Respondent	
	Number	Percentage
Yes	17	85%
No	3	15%
Total	20	100%

Source: On Survey 2025

According to the above table, 4.14 Shows that 85% respondent is reply that the bank monitors the loan to ensure proper repayments. The remaining 15% of respondents are reply that the bank doesn't often monitor the loan to ensure proper repayments .This shows that the majority of respondent believed that the bank often monitors the loan to ensure proper repayments.

Table 4. 15. Loan performance

Time frequency	Respondent	
	Number	Percentage
Weekly	2	10%
Monthly	12	60%
Daily and monthly	3	15%
All	3	15%
Total	20	100%

Source: On Survey 2025

According to the above table 4.15shows that10% of respondents are reply that the bank present the reports weekly, 60% of respond are reply that monthly,15% of respondents are reply that daily and monthly and the reaming15%of the respondents are reply that all. This shows that the majority of respondent believed that the bank present the credit reports monthly.

Table 4.16 Inadequate of staff

Response	Respondent	
	Number	Percentage
Yes	12	60%
No	8	40%
Total	20	100%

Source: On Survey 2025

According to the above table 4.16 shows that 60% of respondents are reply that the banks have staff in inadequacy to analyzing credit risk and the reaming 40% of responds are reply that there is staff adequacy in analyzing credit. This shows that the majority of respondent believed that the bank have staff in inadequacy to analyzing credit risk.

Table 4.17 Challenges of effective credit management

Response	Respondent	
	Number	Percentage
Poor lending practices	3	15%
Lack of accountability	1	5%
Credit culture	3	15%
Bankruptcy of borrower	5	25%
Poor lending practices and bankruptcy of borrowers	1	5%
All	7	35%
Total	20	100%

Source: On Survey 2025

According to the above table 4.17 shows that 15% of the respondents are reply that poor lending practices, 5% of respondents are that reply lack of accountability, 15% of respondents are reply

that credit culture, 25% of respondents are reply that bankruptcy of borrower, 5% of respondents are reply that both poor lending practices and bankruptcy of borrowers, and the remaining 35% of respondents are reply that all. This shows that all the above listed problem of the bank challenges to applied effective credit management.

Table 4.18. Sector of default occurs

Response	Respondent	
	Number	Percentage
Service	12	60%
Merchandize	2	10%
Import and export item	1	5%
Manufacturing	2	10%
Both merchandize and manufacturing	3	15%
Total	20	100%

Source: On Survey 2025

According to the above table 4.18 shows that 60% of the respondents are reply service, 10% of the respondents are reply merchandize, 5% of the respondents are reply Import and export item, 10% of the respondents are reply manufacturing and the remaining 15% of the respondents reply both merchandize and manufacturing. Therefore, in the service sector more default.

Table 4.19. Reason for loan default

Response	Respondent	
	Number	Percentage
Insufficient information about borrower	6	30%
Lack of consultancy service to the borrowers	6	30%
Lack of follow up after borrowing	2	10%
Approval and processing of loan is not separate	1	5%
All	5	25%
Total	20	100%

Source: On Survey 2025

According to the above table 4.19 shows that 30% of the respondents are reply Insufficient information about borrower, 30% of the respondents are reply Lack of consultancy service to the borrowers, 10% of the respondents are reply Lack of follow up after borrowing, 5% of the respondents are reply approval and processing of loan is not separate and the remaining 25% of the respondents are reply all. Therefore, loan default occurs due to insufficient information about borrower and Lack of consultancy service to the borrowers

4.4. Interviews designed for the Credit Manager, credit monitoring officer, credit recovery officer, credit analyst, customer relationship manager

The interviewee is prepared for Credit Manager, credit monitoring officer, credit recovery officer, credit analyst, customer relationship manager. The form of the interviewee is UN structured so, no need table prepared only analysis by statement.

According to the Credit Manager, response the requirement of borrowers to get loan are must be account holder to commercial bank of Ethiopia and full fill credit application those are: business plan, collateral, balance sheet, length of loan and repayment date and also present audit report.

According to the credit monitoring officer, responses the mechanism to control borrowers is follow the borrower whether run or not the business and visiting the business area, evaluating the report and count the asset of business. Therefore the above listed by the interviewer are the best mechanism to control borrowers.

According to the credit recovery officer, responses the reason for late repayment are forgetting repayment date and failure of the customer business.

According to the credit analyst and customer relationship manager, responses the measurement of late payments are, giving advice to the borrowers, for calling or reminding to the payment date, then send first warning letter and second warning letter after this the borrower is not pay the loan, the bank take penalty.

CHAPTER FIVE

5. CONCLUSIONS AND RECOMMENDATION

In today competitive financial market, the bank and financial institution building strong credit management. The commercial bank of Ethiopia is responsible to implement best credit management to avoid the past weakness and failure. In general, the summary, conclusion and recommendation as follow.

5.1 Summary of finding

This section summarizes the major finding based on data analysis and interpretation.

There are a number of challenges for the bank to apply the effective credit management. Form those are bankruptcy of borrowers, lack of loan approval power and customer of the bank is not full fill credit requirement.

In the commercial bank of Ethiopia, Hossana District there is credit management problem. These problems rise due to lack of loan approval power, made unsecured loan, lack of follow up borrowers after borrowing and insufficient information about borrowers.

The reason for late repayment of the credit includes for getting repayment date and failure of the business.

The bank takes measurement for late repayment of borrowers. These measurements are for calling or remanding the repayment date for borrowers, giving advice, first warning and second warning.

Most of the loan disbursed was not collected as per repayment schedules. In order to improve the credit management the branch should avoid the time lag by using network computer that exchanges information clear between head office and branches and visiting site area needed to encourage the borrowers.

The bank mechanism to control the borrowers are follow the borrower of business whether run or not, by visiting the business area of borrows and evaluating the report and count the asset of business.

The policies of the bank for new borrower are to get credit service; the borrowers must full fill the credit requirement. This are must be an account holder, full fill credit application and present audit report

5.2. Conclusion

To conclude about the study the main purpose of this study is assessment of credit management commercial bank of Ethiopia in Hossana District. The data has been analyzed based on the collected data. The conclusion of the finding is presented in the following manner,

The commercial bank of Ethiopia, Hossana District should avoids its challenges related to credit management by establishing best and effective follow up for borrower and to have good credit management to avoid credit risk.

To improve the credit management the bank avoid the time lag by using network computer that exchanges information clear between District and branches and visiting site area needed to encourage the borrowers

The commercial bank of Ethiopia follows up credit whether they are running the business or not by visiting the business area from to time repeatedly.

The bank provides advice to its borrowers related to credit policy. Because, advice provides enables the borrowers to spend the amount of borrowing on a reasonable activities, which enables the borrowers to be properly return to the bank the principal and the interest.

The new borrowers to get the credit form the commercial bank of Ethiopia, must be full fill the criteria of credit policy of the bank account holder, full fill credit application and present audit report.

Effectively applied of the credit policies of the bank are important for the banks to minimizing credit risk and the policy also consider the customers benefit after borrowing by gives direction for where they invest the borrowed funds.

5.3. Researcher own Recommendation

The commercial bank of Ethiopia provides three types of loan to the borrowers; these are short term, medium term and long term. The commercial bank of Ethiopia does not recommend providing medium term and long term to borrowers because medium term and long term have high liquidity risk and lower expected returns. It is better to provides short-term loan to maximize profit. Moreover, it is free from risk.

The bank can minimize the repayment of credit by making aware with customer before the mature date and give advice to the borrowers the advantage of repay on time.

The bank follows up of borrowers by allocating and adjusting its own time table in order to visit its borrower's business weather profitable or not.

The bank should strengthen the advice to its borrowers how they invest and how they become effective and profitability on the loan borrow from the bank. Because of the borrowers to become effective and profitability, the credit became repay on time.

The bank should be required to identify and analyze the credit risk associated with a specific loan and evaluating repaying capacity of borrowers, by gathering information about borrower's business plan. The bank is advisable to decrease its bad debt by controlling the borrowers and collect on time in order to increase profitable.

The bank should be control disbursed credit up to collection is very weak because of lack of loan approval power so, needs more improvement to avoid non-performance loan which is loss for the commercial bank of Ethiopia, Hossana District.

The bank must be identify the proper credit policy and effectively applied credit policy in order to reduce late repayment and loan default.

The banks credit management requirements such as account holder, full fill credit application and present audit report are not sufficient so, updates the credit requirement and adds other measurement for banks profitability. The credit policy of the bank should not rigid, should be flexible to the situation that makes the credit management become smooth and effective.

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APPENDIX

WOLKITE UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF ACCOUNTING AND FINANCE

QUESTIONNAIRE

DEAR RESPONDENTS;

This questionnaire is design to collect relevant data on an assessment of credit management of Commercial Bank of Ethiopia in the case of Hossana District. The main the objective of study is to assess credit management of commercial bank of Ethiopia in Hossana District. The researchers have developed the following questionnaires to get data from Credit Manager, credit monitoring officer, credit recovery officer, credit analyst, customer relationship manager of Commercial Bank Ethiopia in Hossana District. All information that you will provide will be used at most confidentiality and used only for academic purpose.

Thank you for in advice!

Part I general instruction

1. Don't write your name
2. For choice question put tick mark on given boxes
3. For explanation question give your response on the space provided

Part II General Information

- Sex *Male* *Female*
- Age 24-30 38-45
 31-37 above 45
- Education level Diploma Certificated
 BA degree MSC/PHD
- D. Work experience 7-12 years above 12 years

E. Position currently held credit Manager
Customer relationship Officer credit monitoring officer credit recovery
officer credit analyst

Part III Questions

➤ Does CBE, HOSSANA DISTRICT provide loan to it customer?

Yes No

➤ If your answer is Yes what are those type of loan to be given for?

. Short –term loans

Medium – term loans

. Long –term loans

3. Does the bank have a policy to control its credit?

Yes No

4. The credit policy of the bank benefits for.....

Bank Customer Bank and customer

5. Do you believe the bank applies effective credit management?

Yes No

6. Does the bank provide complete credit information about loan making?

Yes No

7. Does a credit application procedure of bank have considered the credit worthiness of borrowers?

Yes No

8. Do you agree that the loan officers identify and analyze the credit risk associated with a specific loan?

Yes No

9. Bank often monitors the loan to ensure proper repayment.

Yes

No

10. How many times the bank monitor loan performance.

Daily Weekly Monthly

11. Is there staff inadequate in analyzing credit and portfolio management department?

Yes

No

12. What challenges bank faced to applied effective credit management?

Poor lending practices

Lack of accountability

Credit culture

Bankruptcy of borrowers

Other, specify.....

13. Why loan default occurs? , due to

Insufficient information about borrowers

Lack of consultancy service for the borrowers

Lack of follow up borrowers after borrowing

Loan processing and loan approval is not separate

Other, specify.....

14. In which sector does more default occurs.

Service

Merchandize

Import and export item

Manufacturing

Other, specify.....

Interviews designed for the credit Manager, credit monitoring officer, credit recovery officer, credit analyst, customer relationship manager

1. What is requirement of borrowers to get loan?
2. What type of mechanism does the bank use to control borrowers?
3. Is there any repayment of credit late?
4. If your answer is yes, what is the reason for late repayment?
5. What measurement does the bank take on late repay of loan?