

The contributory factors to non performing loans in commercial banks: the case of Bank of Africa, Tanzania (BOA).

Godliving Maro.

MBA (Finance)

University of Dar es Salaam, University of Dar es Salaam Business School, 2011.

The main aim of this study was to examine the contributory factors causing non-Performing loans in commercial banks. The study focused on the advancing of loan and management of risk associated with it. The objective of this study was to identify the causes of the Non-Performing Loans in commercial banks in Tanzania and Bank of Africa Tanzania in particular was taken as a sample for other commercial banks. A sample of one hundred respondents was drawn from BOA TANZANIA, Dar es Salaam and both quantitative and qualitative methods were used in data analysis. Qualitative data were analyzed by summarizing the findings and explanations from the different findings. Quantitative data were analyzed in the form of graphs, tables, percentages and simple statistical measures. Research Findings and conclusion based in the descriptive analysis. Generally, the findings have indicated that BOA TANZANIA is customer's need driven bank with high quality products and services. Lending policies and procedures practiced by the bank in general were found to be reasonably effective. However, some shortfalls within and without the BOA TANZANIA, Dar es Salaam were observed, the internal capacity to handle loan administration and recovering was found unsatisfactory as credit risks has not been well managed due to weak credit management within the organization. The researcher findings revealed that experience. Loan processing time and financial discipline are the key factors contributing to the increase in Non-Performing Loans. Lastly, recommendations were made for improvement basing on: interest rate, loan-processing time. Loan monitoring process and borrower's financial discipline.