

ST. MARY'S UNIVERSITY
BUSINESS FACULTY
DEPARTMENT OF ACCOUNTING

**AN ASSESSMENT OF LOAN REPAYMENT IN AWASH
INTERNATIONAL BANK S.C. GULLELE BRANCH**

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June, 2014

ADDIS ABABA

**AN ASSESSMENT OF LOAN REPAYMENT IN AWASH
INTERNATIONAL BANK S.C. GULLELE BRANCH**

**A SENIOR ESSAY SUBMITTED
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FOR THE DEGREE OF BACHILER OF ARTS IN
ACCOUNTING**

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Declaration

Adviser declaration

We the undersigned, declare that this senior essay our original work prepared under the guidance of Meseret Kinfu. All source of materials used for the manuscript have been duly acknowledged.

Name Signature Date

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Date of Submission **June, 2014**

Advisors Declaration

The paper has been submitted for examination with my approval as the university advisor.

Name _____

Signature _____

Date _____

APPENDICES

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

As per the AIB manual 2010, Commercial banks are the largest group of financial institutions that play a major role in the business by receiving deposits, creating of credit, custody for expensive goods & documents and processing transactions of money transfer and foreign exchange.

Banks accept deposits from customers and in turn make loans, even in excess of the deposits to customers engaged in trade, agriculture and industry in the economy where the greater part of loanable fund comes from deposit made by the customers. The major sources of revenue comprise margins, interests, fees and commissions (Mishely, 1998:89).

To achieve its stated objectives the bank has to be sustainable by generation sufficient profit from its operation. This relies on efficiency and effectiveness of loanable fund mobilization, credit provision and ultimate collection of loans which has direct impact on the bank's profitability and liquidity (AIB credit management manual, 2010:43).

Bankers being suppliers of mainly short and medium term working funds, the banks expect that the proceeds of loans be invested in the type of assets which through their normal uses, place the borrowers to repay the loans. It is also obvious that what has been provided to borrower of loan and advances should ultimately be collected.

It has frequently been said that a good banker collects a loan at the time it is made. In lending, it is not only deployment of funds that is emphasized on but follow up and collection aspect is equally of paramount importance.

Against the environment of growing competition in the banking industry, it is highly necessary to ensure that existing customers are kept satisfied and retained and new customers attend so as to enlarge the lending operation and achieve the

set business goal this would be possible only when quick and timely credit decision are taken to assist the customer.

In the light of the situation, maintaining the quality of loan and advances become very significant, if it is termed that the banks survival depends on the quality of advances maintained in the existing economic condition of the country (AIB credit management manual, 2010:89).

Bank lending therefore has to consider interest income, cost of funds, statutory requirements, depositor's needs and risks associated with loan proposal. For these reasons banks have overtime developed credit policies and procedures which stipulate the lending process. This process includes among others the credit appraisals, documentations, disbursement, monitoring and recovery processes lending. Bank lending is also based on established international standards.

Awash international bank S.C. (AIB) is the pioneer private commercial bank in Ethiopia after the down fall of the military regime and introduction of market economic policy in 1991. It was established by 486 shareholders with a paid up capital of birr 1.2 million Licensed on November 10, 1995. It was named after the popular river "Awash" which is most utilized river in the country especially for Irrigation and Hydraulic power. Awash bank plays vital role in the economic development of the country. The number of shareholders and paid up capital increased continuously and currently reached 3000 and birr 1.2billion respectively (www.awash-bank.com, 2013).

Awash International Bank S.C. is the first and only private bank to build and operate in its own headquarters at the hub of what is growing to the Ethiopian financial district. The banks building named "Awash Towers" built at cost of more than 217 million in collaborate with its sister company, awash insurance company S.C. was inaugurated in 2010.

The bank is on the process of replacing the old core banking system with a new one in order to improve its service and promote efficiency. Similarly the Bank has been in cooperation with NIB International Bank and United Bank S.C. Has

established a share complex company known as premiere switch solutions S.C. It is established with a joint operation and management of automatic teller machines automatic teller machine (ATM) and point of sale (POS) terminals.

Currently AIB has already started card banking service and providing 24/7 service through ATM around various parts of the city. The service is accessible not only from AIB's machines but also from machines installed by United Bank S.C. and NIB International Bank. This will give a choice to customer to access their account from any corner of the town and outlying branches where such service is available.

They are mostly convenient to produce necessary information acquired by researchers as the study is concerned with identification of the loan repayment performance probation of the clients. It were encompass the conception of loan and its Role in improving problems in relation the deposit increase of the society (www.awash-bank.com, 26/03/2013)

1.2 Statement of the Problem

Our country Ethiopia is characterized under utilization of land capital and abundant manpower resources. There is scarcity of capital, lack of investment opportunity and unemployment. Considering this fact, AIB Gullele Branch provide credit for establishment and expansion of agricultural, industrial and other services with the objective of economic development in the country. The loan extended to various sectors of the economy must be recovered in full, if the objective of circulating more financial resources to meet the increase demands for credit and to keep the bank in sound financial health. Both the principal and interest to meet the operation cost must be recovered. The bank collects the principal and interest from the client during the due date but defaults may occur on the side of the client due to various reasons if there is a high incidence in the deficit of client, this leads the bank to be insolvent and weaken its financial position. This situation will paralyze the investment program as well as the economy as a whole.

The researcher can be interested on this basic research problem due to the

1.3 Research Questions

This study intends to find solution for the following basic question.

1. What are the factors that affect loan repayment performance of the client?
2. What are the measures taken by the bank in order to collect unrecovered loan?
3. Which sectors are more effective in returning of the debt before expiry date?
4. What are the procedures followed by the bank to credit follow up?

1.4 Objective of the Study

1.4.1 General Objective of the Study

The general objective of the study is to identify the problem affecting the loan repayment performance of AIB Gulele branch customers.

1.4.2 Specific Objective of the Study

The specific objectives of this study are:

- To identify the factors that affect the loan repayment performance of clients.
- To identify the measure taken by the bank for unrecovered loan.
- To identify which sectors are more effective in recovering the loan.
- To identify the procedures followed by the bank.

1.5. Significance of the Study

The findings of the study would have some important contribution such as:

1. To fulfill requirement of bachelor degree in accounting field.
2. It may be useful as source document for any other interested party.
3. To translate our theoretical knowledge in to practical work.

1.6 Scope of the Study

The study is delimited in Gulelle Branch of AIB specifically for three years (2010–2012) loan repayment performance of the client and the loan supervisor follow up methods.

1.7 Research Design and Methodology

1.7.1 Research Design

The research design provides information that holds the research project, in order to facilitate the smooth continuity of the research and it makes as efficient as possible yielding maximal information with minimal expenditure of effort, time and money.

This research use descriptive research type, to insight and discover ideas in non-performance loan of AIB Gullele branch by assessing three years (2010 to 2012) loan disbursement and its collection.

1.7.2 Population and Sampling Techniques

To collect available data the Student researcher would focus on the respective employee and the client related with the loan. There are 5 employees who work related with the loan. Due to their small number Census method will be applied. Beside the clients, as per the bank record there are around 80 clients who have current outstanding loan and even if it is difficult to contact them this research have 20 clients opinion, by using Purposive sampling.

A purposive sampling method is a non-representative sub set of some larger population, and is constructed to serve a very specific need or purpose. A researcher may have a specific group in mind, such as high level business executives. It may not be possible to specify the population they would not all be known, and access will be difficult.

1.7.3 Source of Data

This research used both primary and secondary data sources. The primary data are those, which are collected as fresh and for the first time and happen original in character from the employee and client. The secondary data source refers to the data, which have already been collected and analyzed by some else, this research may find the secondary data from the available data archive (either in the form of document or codebook) for secondary analysis.

1.7.4 Data Collection Instrument

To collect available data the researcher will use questionnaire and interview for primary data and Document observation for both primary and secondary data.

Questionnaire is consist of many question printed and typed in a definite order on a form and set of forms, the respondent are expected to answer the question by themselves, this research prepare around 10 question for each clients and employee personally by asking their corporation.

The interview is a process of communication or interaction in which the subject or interviewee gives the needed information verbally in face to face situation or through telephone call. The member of this research try to contact the respondent personally or thorough telephone call. The observation is observing the documents that are working before.

1.7.5 Data Analysis Method

The researcher would be use tabulation and percentage to analyze the data collected.

1.8 Organization of the Study

The paper is organized in four chapters. The first chapter the problem and its approach, includes introduction, statement of the problem, objective of the study, significance of the study, scope of the study, limitation of the study, research methodology and organization of the study. The second chapter gives an overview of related literatures and theoretical framework, which includes definition and type of

loan, credit management police, debt recovery law, etc. The third chapter deals with the analysis and interpretation of data collected. The fourth chapter comes with summary, conclusion and recommendation.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Definition of Loan

Is an arrangement in which lender gives money or property to a borrower and the borrower agrees to return the property or repay the money, usually along with interest, at some future points in time, usually there is a predetermined time for repaying a loan, and generally the lender has to bear the risk that the borrower may not repay a loan through modern capital markets have developed many ways of meaning this risk (Mishely, 1998:90).

An amount of money advanced to a borrower to be repaid at a later date, usually with interest. Legally a loan is a contract between a buyer (a borrower) and a seller (a lender enforceable under the uniform commercial code most states). The term and conditions for repayment of a loan including the finance charge or interest rate are specified in a loan agreement. A loan may be payable on demand in equal monthly installments (wiki.answers.com).

2.2 Types of Loan

Loan transactions occur in many different forms. The classifications of loan types are based on their purpose. As per Edwards (1990:54) there are different types of loan to fulfill different need of client elaborated here after.

2.2.1 Term Loan

This type of loan is granted for those customer who are in need of loan to be repaid within specific loan duration which is payable with periodic installment. In case Awash bank term loan are divided into three parts. These are:

- **Short-term loan:** mostly requested to meet working capital need of customers and has less than a year life.

- **Medium-term loan:** This type of loan is granted mostly for the purpose of working capital and/or for the purchase of machineries equipment and motor vehicle and other related materials and last for one to five or between them.
- **Long-term loans:** This type of loan also for the above stated purpose but mostly commercial banks use this type for the purchase and to construct residential buildings. And have duration exceeding five years.

Mostly long term is not advisable due to some future unforeseen eventualities. And depositors may need some or bulk withdrawal for this own purpose and loan and deposit mismatch will occur.

2.2.2 Overdraft Facility

It is the method of financing where by the customer is allowed to withdraw money in excess of their balance kept on their customer current account. This type of loan is granted to business man where their business is sizable, valid and profit generated business and granted to meet financial shortage of customers.(AIB Credit Manual:189)

Such kind of loan is processed with due care and the loan officer has to make frequent sit/business visit in order to check the application of the facility and observe changes in the customer business.(AIB Credit Manual:189)

2.2.3 Advance against Import/Export Bills

Advance against export bills is provided to those business man engaged in import/export business and have margin facility.

Pre shipment advance given to customers on clean basis up on presentation of set of documents, which is availed on or against NBE guarantee. These kind of loan is granted to hard working and valued customers up on due assessment of the customer credit worthiness and capacity to repay his obligation.(AIB Credit Manual:191)

2.2.4 Letter of Guarantee

It is unconditional commitment given to third party on behalf of banks customers. Custom bond, advance payment guarantee, bid bond and performance bond guarantee are some of the type of letter of guarantee. (AIB Credit Manual:191)

2.2.6 Trade Bills Discounting

In principal the bank discounts promissory note in normal course of business after all needed care and the legibility of the presenter facility. In addition the maturity date of an advance against a promissory note shall not exceed 90 days. (AIB Credit Manual:191)

2.2.5 Merchandise Loan

These loans are granted to customers against the pledge merchandise for a short period. Loan officer should make due observation and assessment on the type of goods and products that the bank is going to finance due to fissionability and perishables of some goods (AIB Credit Manual:191).

The bank also has another different type of loan but they are not well known and demanded by customer such as; agricultural term loan, transport vehicle or service term loan, microfinance term loan, project finance loan and etc...

2.3 Credit Management

It is a process to the credit management. Process is a series of steps that involves promoting credit, analyzing the risk of credit applicants, and collecting the payments after the debt is created.

Creditors of an organization (including banks, trade, creators and holders of organization bonds) may be concerned about the possibility of an organizations ability to repay debt becoming impaired following the death or disability of the borrower. Terms on which these creditors are willing to lend the organization may be favorably affected if steps are taken to reduce the likelihood of the impairment (Williams, 1995:98).

Creditors are usually unreserved by the unethical actions of a borrower because of the potential business fallout and subsequent risk of default on loans. To some significance degree companies recognize that ethical strategies and ethical conduct are good (Thompson, 2006:82).

When the loan officer manages the credit she/he should focus on the following basic ideas to track customer's satisfaction.

Financial statement analysis involves the calculation of various financial ratios and other computations using numbers drawn from financial statements to evaluate the liquidity, profitability and financial health of the firm applying for credit. (Thompson, 2006:82)

Credit investigation is a series of steps undertaken to verify information on the credit application and determine how the customer has handle past financial obligation. (Thompson, 2006:83)

Credit decision is a judgment made by the credit manager to accept or reject an application for a credit. (Thompson, 2006:83)

Control functions are activates involve watching disbursed credits to verify that payment are collected as planned. (Thompson, 2006:83)

2.4 Debt Recovery Law

The recovery of debts is to reclaim that which is owned from a contractual debtor. A debtor can be either a business or single individual recovery can be sought through many legal channels but direct negotiations are always required before legal procedure can take place (AIB Credit Management Manual, 2010:103).

2.4.1 Lender Liability Law

In entering a contractual agreement as a lender, the providing party becomes subject to liability law, enforcing the fair treatment of borrowers. In the event that a lender breaches regulations set out in lender liability law they may be subject to borrower litigation under a variety of legal claims. Recent years have seen a progression of liability claims, paralleling the alternate action of previous years. A large proportion of claims now involve a breach of contract and/or fraud claims. (AIB Credit Management Manual, 2010:103).

Similarly to any other contract, a loan agreement cannot be formed of anything less than mutual consent; neither may it be fraudulently induced. In the event that an agreement is set out conflicting with either of these rules, the contract is not considered legitimate and cannot be enforced. When a contract is breached the offending party may be liable to legal action under breach of contract (AIB Credit Management Manual, 2010:105).

2.4.2 Recovering Debt through Court

Court proceedings should only be a last resort in reclaiming debt often threatening legal action is enough to induce payment, only in the event that proven negotiations with the opposing party have failed can court action take place. (AIB Credit Management Manual, 2010:106)

Initially, alternative dispute resolution must be considered i.e. negotiations, mediation or arbitration, resolution may already be specified within the contract, so through checks must first be administered through channeling disputes through processes, costs can be control and conformational proceedings may be avoided. (AIB Credit Management Manual, 2010:187)

It appropriate, in recovery situations the supplier could consider taking back goods or services, however mediation is preferable using an independent third party as a mediator aiding a mutual agreement, an actual member can often be beneficial. Any mediation arrangements can help maintain good relations.

Negotiations can commonly involve representatives i.e. solicitors and is when two opposing parties discuss the matter until reaching a solution that is agreeable to both sides (AIB Credit Management Manual, 2010:1167).

Arbitration, not dissimilarity to mediation, is involving a third party who is independent, but in this instance deciding up on presented evidence here fault lies and consequential action, as opposed to drawing a more mutual agreement conciliation, following closely to mediation, seen as independent adjudicator (the conciliator) aid parties in dispute resolution. Early neutral evaluation is when opposing parties send evidence to an independent third individual who gives their judgment on the disagreement (AIB credit management manual, 2010:167).

2.4.3 Wind up Orders

Debt recovery through wind up is to seek debt repayment from a liquidated source through an official receiver (AIB credit management manual, 2010: 165).

2.5 The Nature & Role of Credit Market

Credit is the device for facilitating transfer of purchasing power from one individual or organization to another. It indicates that credit provides the basis for increased production efficiency through specialization of functions thus bringing together in a more productive union. The skilled labor force with small financial resolves and though who have substantial resource but lack of entrepreneurial abilities (Smith, 1991:226).

There are two important respects that a credit market differs from standard market for goods and services. First standard markets, which are focus of classical competitive theory, involve a number agent who are buying and selling a homogenous commodity. Secondly in standard market, the delivery of a commodity by a seller & payment for the commodity a buyer occur simultaneously. In contrast credit received today by an individual or firm in exchange for promise of payment in the future. A loan is a type of debt. Like all debts, a loan involves the real allocation of money over a period of time between the borrower and the lender. This money is paid back either in full or regular installment (with interest of course). Acting as a provider of loans is

one of the principal task for financial institutions such as a bank. For banks, loans are generally found by deposits. That is how banks usually learn. Their deposits are loaned out and when the borrowers pay with interest earning for the bank. Other types of debt include mortgages, credit card debt, bonds and lines of credit. A mortgage is a very common type of debt used by many individuals to purchase housing. In this arrangement, the money is used to purchase the property. The bank, however, is given the title to the house until the house is sold, to get their money back (Smith, 1991:227).

2.6 Economic Benefits

Recovery should be made at the time when the borrower is most likely to have money. According to Smith (1991:234) credit can generate economic growth only when the amounts taken are repaid in time. The problem of accumulated over due and arrears of interest amount need to be solved immediately and once for all. The accumulated over due have passed many problems and if not solved it would continue to oppose problems in to the issuance of future loans. He also revealed that the regional rural banks, being an organization for development, provide cheap credit to the deserving target group with objective that the loan less who shall repay the loan in easy installments in accordance with phased repayment schedule (Smith, 1991:224).

There are two problems that are major causes of poor loan recovery performance; credit project design problems and credit project implementation problems. Credit project design problems include debt versus equity realism versus aspiration (how realistic the projection of the product designer is) expected value versus dispersion (details consideration of the variety of results which occur in the field), book keeping convenience versus borrower cash flow pattern, collection mechanism, institutional scope or range of service offered and interest rate credit project implementation problems included low services levels, coordination access (i.e. information problem & lack of decision making experience in the lending to specific target groups) and financial recording (Smith, 1991:225).

Strong recovery of loan plays a very important role in the entire economy and builds confidences of general public in the soundness of the banking system. It also reduces the cost of credit operations appreciable by avoiding litigation. It also improves the efficiency of the operations staff & helps them to devote more for development work rather than keeping themselves busy in recovering loans (Edwards, 1990:68).

2.6.1 The Importance of Qualification Recovery Performance

Discussion of recovery performance is vital because most attempts at its quantification conducted by banks. Mathematical problems usually associated with measures of repayment performance. For example a popular repayment ratio divides the amount collected during a given period by the sum of amounts falling due during the period plus amount over due at the beginning of the period. This ratio continually declines as bad debts accumulated. It declines even though there is no change in the collection of amounts falling due each year. Accommodation of amounts that likely even to be collected eventually dominates (Rosenberg, 1993:117).

Instructions given by the central bank of financial ministry, possible to make it difficult for bankers to reduce their profits and hence their tax liabilities. Statutory limitations on state owned lenders that interpret write offs as a use of public fund which only parliaments has the authority to approve. Lenders internal rules that prohibits writing off amount in litigation and legal systems that take a very long time to deliver judgments (Atrill, 2005:183).

The mistake belief that writing off or even making a provisions against doubtful loans, accounting procedures that help to keep accounting values consistence with the actual value of a loan portfolio means that no further efforts is to be made in collecting written off loans. This relevant confuse good accounting practices with the demonstrative or strategic decisions to continue to press defaulter for payment, the fear that the public knowledge of write offs will only encourage borrowers not repay(Atrill, 2005:183).

The use of demand in the denominator challenges the validity of simply, comparing collection with amounts taking due, because it is distorted by the burden of arrears. An alternative would be to include separate calculation of collection of overdue amount with the arrears on the book at the close of the reporting period (Rosenberg, 1993:115).

2.7 Borrowing Requirement and Procedure

Borrowing requirement and procedures vary from bank to bank but the procedure described here illustrate what can generally be expected when client approaches a bank to obtain credit i.e. get a loan (Pandey, 1999:861).

2.7.1 Application Form

The loan application form is the instrument through which is a client formally applies for a loan. The application form serves for several purposes. First it is an expression of the clients desire to borrow from banks and it is an expression of the bank acceptance of the application. Finally as accounting documents, it is both a requisition for payment and an acknowledgment of payment. When applying for a loan you must prepare a written loan proposal make you best presentation in the initial loan proposal and application you may not get a second opportunity (Rosenberg, 1993:117).

Always begin your proposal with a cover letter or executive's summary clearly & briefly explain who you are. In clued all there is to know about you. Your business background, the nature of your business, the amount and purpose of your loan request, your requested terms of repayment, how the funds will benefit your business, and how you will repay the loan keep this cover page simple and device (Rosenberg, 1993:117).

Many different loan proposal formats are possible you may want to contact your commercial lender to determine which format is best for you were writing your proposal don't assume the readers is failure with your industry or your industry business. Always in clued industry specific details so your reader can understand how your particular business is run what industry trends affect it (Rosenberg, 1993:119).

Loan repayment: provide a brief written statement indicating how the loan will be repaid including repayment sources and time requirement. Cash-flow schedules, budgets and other appropriating information should support this statement (AIB credit management manual, 2010:133)

Existing business: provide financial statement for at least the last three years plus a current dated statement including balances sheets, profit & loss statements & a reconciliation of net worth. Again of accents payable & account receivables should be included as well as a schedule of term debt. Other balance sheet items of significant value contained in the most recent statement should be explained. (AIB credit management manual, 2010:197).

Collateral: list real property and other assets to be held as collateral basically, collateral is the banks way of insuring that they will get something back from if you are unable to pay back the loan. Few financial institutions will provide non-collateral based loans. All a loan should have at least two identifiable sources of repayment. The first source is ordinarily cash flow generated from profitable operations of the business the second source is usually collateral pledged to secure this loan (Haley & Schell, 1991:706).

Credit analyses generally consider five factors when determining whether to grant credit including character, capacity, capital, collateral and condition (Powel, 2005:203).

Capacity to repay is the most critical of the five factors.

Capital is the money your personally have invested in the business & is an indication of how much you will loss should the business fail (Powel, 2005:203).

Collateral or guarantees are additional form of security you can provide the lender. When the business cannot repay its loan, the bank wants to know there is a second source of repayment conditions focus on the intended purpose of the loan (Powel, 2005:204).

Character is the personal impression you make on the potential lender or investor.

Condition

In general, the following information is usually asked when applicant applies for a loan Name, Address, Telephone No, legal form of and nature of the business, registrations with government business registries such as the security and exchange commission. The department of trade and industry, or the city of municipal government, product lines, amounts of capitalization. Name of owners (partners) stock holders, type, amount purpose of loan applied for and description of collateral offered. (AIB credit management manual 2010: 142).

2.7.2 Documentary Requirement

The request papers should preferably be prepared for before applying for a bank loan, incomplete documents can cause delays. The following documents are commonly asked for (AIB credit management manual 2010:109).

Residence certificates tax payers' identification number. BIIR stamped tax declaration for the past three years, financial statement for the past three years, bank & grade references (AIB credit management manual 2010:109).

Mini-business plans or projects feasibility study; especially for borrowers who are just starting in business. The business basically contains forecast in term of money of what the business is going to be like for each month of a given year. It gives estimates of production expenses and expected sales revenues (AIB credit management manual 2010:109).

Business registration papers for single proprietorship, registration with the department of trade and industry and with the municipal office. For partnerships, articles of partnership and joint resolution to borrow-for corporations, security and exchange commission critical articles of incorporation with by-laws, board resolution to borrow and stock holder bio data for corporative, registration with the because of cooperative department (AIB credit management manual 2010:110).

Paper pertaining to collateral: for real estate mortgage copy of TCT location plans with vicinity map, tax clearance, tax receipts, tax declaration, insurance floor plan or pictures. For chattel, registration certificates, insurance loan (credit) evidencing payment in the case of important equipment for exporters, letters of credit, confirmed purchase orders and sales contracts (AIB credit management manual 2010:115).

2.7.3 Credit Investigation

The company's background and history covering the date of registration (in corporation), the type of business organization, records of registration name of incorporators, and a summary of operating records (AIB credit management manual, 2010:65).

Financial condition: the current break down of financial statement reflecting the result of operations for the past three years. It also includes schedules, explanation of extra ordinary items, break down of merchandise and receivable and full explanation of all inter-company loans, and merchandise transactions (AIB credit management manual 2010:67).

Dealing with government agencies: the lending bank checks on the credit availed of by the applicant from lending government agencies, the nature of the loan. Collateral offered, and installment payment, including arrear ages if any (AIB credit management manual 2010:66).

Court asset: the bank checks on civil and criminal case involving credit applicants. It also obtains information of the applicant from comptators. After the credit investigation and supporting have been accomplished and evaluated, a recommendation for approval is prepared and the release of the loan is facilitated. (AIB credit management manual 2010:68)

CHAPTER THREE

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

In this chapter, the primary data that was collected through questionnaire and interview from sample respondents are analyzed and presented. Secondary data, that was received from different documents was analyzed and presented to satisfy the objective of the study.

This section of the study deals with data presentation analysis and interpretation. A sample of 20 clients and 5 employees, totally 25 respondents were purposively selected distributed and all of questionnaires were collected.

3.1.1 Data presentation and analysis

Table1. Background of the Respondents

No.	Items	Options	Employee		Client	
			Number	%	Number	%
1	Sex	Male	3	60	16	80
		Female	2	40	4	20
		Total	5	100	20	100
	Age	Below 25 year	1	20	-	-
		From 25-35 year	3	60	8	40
		From 35-45 year	1	20	7	35
		Above 45 year	-	-	5	25
		Total	5	100	20	100
3	Educational Status	Below 10/12 class	-	-	1	5
		Above 10/12 class	-	-	6	30
		Diploma/certificate	2	40	8	40
		First degree	3	60	5	25
		Second degree	-	-	-	0
		Total	5	100	20	100
4	Work experience	Below 2 years	1	20	-	-
		From 2-5 years	1	20	-	-
		Above 5 years	3	60	-	-
		Total	5	100	-	-

Source: survey data May, 2014

According to the data presented in table 1 item 1 demonstrate among 5 prominent respondent employees of the bank 3(60%) are males and the remaining 2(40%) are female employees.

And for the customer part, among 20 prominent responded customers of the bank 16(80%) are males while the number of females are 4(20%). From this, it is possible

to understand that majority of the bank credit customers as well as employees are males.

Item 2 in table1 is related to age of employee respondent, shows 1(20%) is below 25 years, 3(60%) are between 25 and 35 years, 1(20%) is between 35 and 45 years, and there is no one above 45 years of age. From this quantitative data it's possible to understand the majority of the bank loan department staffs are between 25 and 35 years of age and also the same for employees. Young manpower helps the bank to improve the mission and goals of the bank because, they bring new ideas and perspectives to the workplace; they are eager and willing to learn. For the client part it shows 8(40%) are between 25 and 35 years, 7(35%) are between 35 and 45 years, 5(25%) are above 45 years old.

Item 3 of table 1 related to educational background of employee respondents. It shows that, 2(40%) are diploma/certificate holders the remaining 3(60%) are graduated in first degree. This implies that the majority of the bank loan department staff is degree graduates. According to the data at the client part, it shows 1(5%) is below 10/12 grade, 6(30%) are above 10/12 grade, 8(40%) are diploma/certificate holders and 5(25%) are first degree graduates. From the above quantitative data it is possible to understand that the majority of the bank credit clients are diploma holders. Doing business with educated clients helps the bank to maintain smooth relationship.

Item 4 on table 1, focus in the employee respondent work experience from the total respondents 3(60%) have above 5 years experience and 1(20%) has more than 2 years experience but less than 5 year, finally 1(20%) has less than 2 years experience. From the above data of work experience it shows that the majority of the staff are above 5 year working experience and this help the bank to facilitate its loan related works with fast and work experienced employees.

Table 2. Ratio of Outstanding Loan with Non Performing Loan

Year	Outstanding loan and advance	Total non performance loan in a year	Non performance loan ratio with outstanding
2010	10,386,925.00	1,675,987.15	0.1613
2011	11,643,967	2,169,345.25	0.1863
2012	13,442,269.25	3,368,332.40	0.2505
Total	35,473,161.75	7,213,665.12	0.2033

Source: survey data 2014

In terms of loan outstanding the information that the student researcher get from the employees as can be seen in table 2, it increase throughout the year, in 2010 the outstanding loan was 10,386,925 and in the next year 2011 it gone be 11,643,967 by increasing 10.7%. At the final year of 2012 the outstanding loan deliver 13,442,269 by increasing 13.37% and generally the bank grant 35,473,161 loan and advance within three year (2010-2011).

The other way to evaluate a given banks performance is the non-performance loan total outstanding loan ratio. This tells us how much of the loans and advance is non-performing or delinquent. From the non-performing loan to total ratio as can be seen from the respondents replay that in the year 2010 it was Br. 1,675,987.15 that means around 16.13 Percent of the total outstanding loan was non-performing or it was estimated to be uncollected. The ratio has shown an increasing trend throughout the reporting period and reached to Br. 3,368,332.40 in the year 2012 this means that out of the total outstanding loan of Br. 13,442,269.25 Br. 3,368,332.40 was non-performing and the existence of such amount of money for provision. Apparently affects the profitability of the bank negatively.

Table 3. Type of Loan taken by client

Types of Loan	No. of respondent	Percentage
Below 1 year (short term)	13	52
1-5 year (medium term)	9	36
Above 5 year (long term)	3	12
Total	20	100

Source: survey data, 2014

As indicated in table 3, 13(52%) of the total sample survey reported that AIB provides loan for the time period below 1 year. While 9(36%) of respondent said that AIB provides loan between 1-5 year and 3(12%) said above 5 year. From this one can conclude that the bank offer short-term loan as a major loan type.

Table 4. Type of Outstanding Loan Provided by AIB

Type of loan provided by the bank	Outstanding amount	Percentage from total outstanding loan
1. Personal loan	125000.00	0.35
2. Import loan	2050000.00	5.8
3. Export loan	3000000.00	8.46
4. Building and construction loan	7523161.75	21.20
5. Transport loan	9150000.00	25.79
6. Loan and advance in legal	3100000.00	8.7
7. Domestic trade& service	4500000.00	12.7
8. Manufacturing production	1225000.00	3.5
9. NPL	4800000.00	13.5
Total	35,473161.75	100

Source: survey data, 2014

The bank has a number of types of loan available to clients as the respondents' information as shown on table 4. As indicated in the table the small amount 0.35% covered by personal loan and due to the country is on the highly construction period from the total outstanding loan 21.2% are taken by building and construction demanders. From the data collected the majority of loan is held in transport loan with 25.79%. The remaining type of loan takes the remaining 52.66% respectively from the total 100% outstanding loan.

Table 5. The Status of the Recent Loan

No. of year	No. of respondent	Percentage
Below 6 month	3	15
From 6 month-1 year	6	30
From 1-3 year	3	15
from 3-5 year	7	35
More than 5 year	1	5
Total	20	100

Source: survey data, 2014

According to the table 5, 3(15%) of the respondent are finished their loan repayment within six month and 6(30%) of the total respondent also finished in one year. The remaining 11(55%) of client are tending the fiscal year to cover their loan from this we conclude that there are a number of clients which are not recover their loan soon.

Table 6. The Loan is Sufficient for the Intended Purpose

Sufficient loan size	No of respondent	Percentage
Yes	8	40
No	12	60
Total	20	100

Source: survey data, 2014

According to the survey results shown in table 6, 12(60%) respondent is reported that the amount of loan is not enough for intended purpose while 8(40%) were said the amount of loan are enough for the intended purpose. From the interview made, the manager of the branch said that the loan size that is not sufficient but the aim of the bank is give the service proportionately for large number of customer because there is large demand for the service.

Table 7. Clients Spend the Loan other than the Intended Agreement on the Loan

Response	No. of respondent	Percentage
No	5	25
Yes	15	75
Total	20	100

Source: survey data, 2014

According to the data included in table 7, 15(75%) of the total respondent use the total amount of loan only for intended purpose as indicated in the loan agreement. The remaining 5(25%) is not recognizing the entire loan on the intended purpose. The data of table 7, show as that the bank shall use proper follow-up of the disbursed loan is used for the intend purpose.

Table 8. Action Taken by the Bank for of the Clients couldn't Afford to Repay the Loan

Action taken by AIB	No. of respondent	Percentage
Appeal to court	1	20
Continuous communication with the clients	3	60
Give additional time (grace period)	1	20
Advice how to manage their time and fund	0	-
Total	5	100

Source: survey data, 2014

According to the table 8, 1(20%) of the sample respondent reports that they appeal to court but the other 3(60%) respondent recognize that it is better to continuous communication with the clients before going to court, while 1(20%) of the total

respondents were agreeing with allowing additional time (grace period). In relation with the data collected the majority of the respondents reply to use continuous communication with the client and its better that the bank use for repayment of loan.

There are number of factors that affect the loan recovery performance and the researchers need to assess the effect on internal and external base.

Table 9. Internal Factors for Evaluation of Loan Recovery Performance

No.	Items	Options							
		Most common one		Common one		Rarely		Total	
		No.	%	No.	%	No.	%	No.	%
1	Lack of credit information	11	55	7	35	2	10	20	100
2	Loan diversification	2	10	7	35	11	55	20	100
3	Poor management	13	65	5	25	2	10	20	100
4	Carelessness	4	20	6	30	10	50	20	100

Source: survey data, 2014

One of the factors that affect the loan recovery performance shown in table 9 about 11(55%) of the respondent is that lack of credit information is the most common, 7(35%) rank the lack of credit information in common one and then remaining 2(10%) answer in rarely part. In the side of loan diversification only 2(10%) are consider as most common factors, 7(35%) are ranked in common one factors and the remaining 11(55%) agree as a rarely factor. 13(65%) of respondent are consider poor management is the most common internal factors, other 5(25%) respondents are said poor management is common factors and the remaining 2(10%) are make it rarely common. Regarding carelessness 4(20%) answer that as common factors, 6(30%) are agree with common factors and other 10(50%) are in the side of rarely common one.

Table 9, implies that poor management and lack of credit information are the most common internal factors and the bank needs to improve the knowhow of clients on the credit information and also their management ability on fund.

Table 10. External Factor for the Evaluation of Loan Recovery Performance

No.	Items	Options
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		Most common one		Common one		Rarely		Total	
		No.	%	No.	%	No.	%	No.	%
1	Lack of market	9	45	7	35	4	20	20	100
2	Government policy and regulation	5	25	8	40	7	35	20	100
3	Environmental impact	4	20	7	35	9	45	20	100
4	The bank repayment schedule	10	50	6	30	4	20	20	100

Source: survey data, 2014

The other major factors beyond the borrower's ability to defend is external factors, as per table 10, 9(45%) face lack of market is the most common case, other 7(35%) are said common one the remaining 4(20%) respondents are believes as rarely factor. The second major external factors is government policy and regulation, out of the total respondent 5(25%) are said that the most common one, 8(40%) are understand as common case and the remaining 7(35%) consider as a rarely factors. According to the data 4(20%) believes that environmental impact is common factors, 7(35%) are said that common one and others 9(45%) are answered rarely factors. finally 10(50%) respondent are said bank repayment schedule is the most common factors, out of the total respondent 6(30%) respondent are believes as common case and the remaining 4(20%) are said rarely factors. from this we conclude that the bank repayment schedule and lack of market are the most common external factor that affect repayment schedule .so, it is better the bank to regulate or arrange the system to fit with external factors and to revise its repayment schedule.

Table 11. The Major Requirement for Borrowing by the Bank

No.	Items	Option							
		Most common		Common one		Rarely		Total	
		No.	%	No.	%	No.	%	No.	%
1	Capital strength	3	60	2	40	-	-	5	100
2	Collateral strength	5	100	-	-	-	-	5	100
3	Characteristics of the company	3	60	1	20	1	20	5	100
4	Amount of credit	5	100	-	-	-	-	5	100

Source: survey data, 2014

As per the student researcher survey, 5(100%) respondents are said amount of credit and the strength of the collateral are the most common one determinant to disburse loan. On the other case 3(60%) capital strength is the most common one, 2(40%) are believes as a common one case. Regarding the characteristics of the company, 3(60%) respondent are said most common on, 1(20%) respond common one and rest 1(20%) replayed rarely from this we can conclude that to lend money collateral strength and applied amount are the most determinant factors set by the bank as a major criteria.

Table 12. Process of Loan from Application to Approval

Response	No of respondent	Percentage
Very good	1	20
Good	3	60
Satisfactory	0	0
Need improvement	1	20
Total	5	100

Source: survey data, 2014

This question was included in the questionnaire because up on receipt of financial statement proper and detailed quantitative analysis of the data is necessary. Otherwise the decision or recommendation will be distorted. This response of the staff as shown in the table 12, indicates 1(20%) of the respondent replay it is very good, 3(60%) of the respondents are the said the general process is good but 1(20%) from the total respondent said that process need some improvement based on the current situation. According to the respondent percentage, even if the majority of the respondent say good but it still shows as there is a need of improvement based on current situation.

Table 13. Perception of Loan Officers on the Strength of Loan Follows-up Procedure

Response	No. of respondent	Percentage
Yes	3	60
No	2	40
Total	5	100

Source: survey data, 2014

As seen on table 13, According to the survey research majority of employee are agree on the strength of the loan follows-up procedure, 3(60%) of the total are accepted the procedure as a strong but the remaining 2(40%) believes that the procedure need improvement. This implies that the bank shall need to strengthen loan follow-up procedure.

Table 14. Perception of Borrower on the Repayment Schedule of the Bank

Response	No. of respondent	Percentage
Strongly agree	0	0
Agree	7	35
Disagree	11	55
Strongly disagree	3	15
Total	20	100

Source: survey data, 2014

The most of borrower 11(55%) are not agree (disagree) with the repayment schedule, beside this 3(15%) are strongly disagree with it and remaining 7(35%) are agree with the bank schedule. Mean while to fulfill all customer needs the bank shall set repayment schedule choice for the customers.

Table 15. Sending Notice to Clients

Response	No. of respondent	Percentage
Yes	4	80
No	1	20
Total	5	100

Source: survey data, 2014

In table 15 from the general respondent majority of them 4(80%) are agreed with the sending of the notice to remember about the return of the loan but not the remaining 1(20%). As the data shows that the bank shall precede informing or sending notice to the customers.

CHAPTER FOUR

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

4.1 Summary

The study was designed to see the assessment of loan repayment performance of Awash International bank at Gullele Branch. In order to assess the problem the student researcher summarizes the factors that affect repayment performance related with the majors that taken in order to collect debt and the effective sectors in recovering their loan.

In order to collect the data, the student researcher used purposive sampling methods to collect primary and secondary data. The data were collected through questionnaire and interview.

In order to collect the primary data, 22 questionnaires for client and 5 for employees were distributed. Out of the total distributed questionnaires all employees' questionnaires and 20 clients' questionnaires were collected. The student researcher can to interview one credit officer and one credit manager in the head office level.

Based on the data presentation, analysis and interpretation shown in chapter three, the following are summary of major findings.

- Analysis of the data indicate that males customers and employee of the bank are 16(80%) and 3(60%) are female.
- Considering the age of employee respondents 3(60%) fall between the age of 25 and 35, where as those under the age of 25 and between 35 and 45, shared the remaining 40% equally.
- Percentage of clients based on age group is nearly equal with slight difference between 25-35 accounts for 8(40%), while those above the age 35 but below 45 account for 7(35%). 5(25%) above 45 year old.
- Educational career of responding employees indicate 3(60%) hold first degree and the rest are diploma holders.
- The client educational background show that 8(40%) of them are either diploma of certificate holders, where below 10/12 and above 10/12 grade account for 6(50%) and 2(25%) respectively.
- The employee work experience show that 3(60%) are above 5 year experience the rest percentage is divide equally to from 2-5years and below 2 years.

- With respect to factors that affect loan repayment the client respondents of 11(55%) said lack of credit information and 13(65%) replay poor management in the most common internal factors.
- Percentage of client regarding external factor 9(45%) face lack of market and 10(50%) said with respect to the repayment schedule.
- Regarding the action taken by the bank to collect the loan indicate that 3(60%) employee respondent says continuous communication the rest percent go with appeal to court.
- From the total outstanding loan 35,473,161, 28.80% transportation, 24.45% building and construction are effective sectors in returning loan.
- 3(60%) respondents accept the procedure are strong the rest 2(40%) say it needs improvement.

4.2. Conclusions

From the findings the major conclusions were the following:

- The majority of the respondents are male.
- Most of employee and client respondents are young.
- The education status of the employee and client fall in first degree and diploma.
- The banks have well experienced workers.
- The weakness of repayment performance is brought with internal and external factor, in order to that the bank need it revise its repayment schedule.
- Transportation, building and construction are the major effective sectors in returning the loan.
- Continuous communication with the client is the majority choice regarding action taken by the bank.

4.3. Recommendations

Based on the summary of major findings and conclusion the following recommendations are forwarded.

- To increase repayment performance, the bank credit management shall arrange training program for credit officers on the evaluation of clients current financial position.
- The bank credit management committee shall arrange reward, such as certificate for the borrowers who are repaying their loan according to the schedule.
- To improve the loan follow up procedure and the general process from application to the end of the last loan recovery, it is better to prepare further research to improve its weakens on identifying potential customers.
- The credit officer need to give concern and care when interviewing clients and doing credit analysis.
- The branch credit analysts shall send notice in every month for clients to repay their loan.

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St. Mary's University
Accounting Department

Questionnaire to be filled by AIB Gullele Branch Loan Officers.

The aim of this questionnaire is to collect data on loan repayment performance of AIB Gullele Branch. Information will be used only for academic purpose and for partial fulfillment of bachelor degree in Accounting.

Note

- ✓ Please put **x** or $\sqrt{\quad}$ mark on the box to provided your answer
- ✓ Don't write your name
- ✓ Thank you for your time and commitment

Part one

General information about the borrowers

1. Sex: Male Female

2. Ages:

A. less than 25 years

B. from 25-35 years

C. from 35-45 years

D. above 45 years

3. Educational levels:

A. diploma/certificate

B. First degree

C. Second degree and above

4. Work experience:

A. below 2 years

B. from 2-5 years

C. above 5 years

Part two: information regarding loan repayment performance of the branch

1. What kind of Loan provided by the bank?

- A. Less than one year (Short Term)
- B. From 1-5 years (medium Term)
- C. More than 10 years (long term)
- D. If any other plies specify _____

2. What are the major requirements or criteria to evaluate the credit worthiness of the borrowing?

Give rank by saying 1,2,3,4 (give 1 for the most common one)

- A. Capital strength
- B. Strength collateral
- C. Characteristics of the company
- D. Amount of credit

3. Did you collect the outstanding loan on time before expiry date?

- A. Yes
- B. No

4. If your answer for Q 3 is "No" what are the reasons for delays?

- A. Do you to the bank problem
- B. Do you to the borrower problem
- C. If any other specifies _____.

5. What do you think about the reason for the default to repayment?

Give rank by writhing 1,2,3, (give 1 for the most common one)

- A. Due to poor management by the bank _____
- B. Poor management of the fund by the clients _____
- C. Due to market problem _____
- D. If any other please specify _____

6. Is there any client who could not afford to repay the loan?

A. Yes

B. No

7. If your answer for Q 5 is "Yes" What are the actions taken?

Give rank by writhing 1,2,3....(give 1 for the most common one)

A. Continuous communication with the client

B. Advice how to manage their time and fund

C. Give additional time (grace period)

D. Appeal to court

E. If any other please specify _____

8. Did you send a notice to clients to remember the repayment schedule?

A. Yes

B. No

9. What do you think about the loan process from application to approval?

A. very good

C. satisfactory

B. good

D. need improve

10. Which sectors are more active to repay back the outstanding loan?

(You can answer more than option)

A. Transport T/L, O/D

B. Manufacturing T/L,O/D

C. Agricultural T/L, O/D

D. Domestic trade & service T/L, O/D

E. Merchandising T/L, O/D

F. Building & construction T/L, O/D

G. Import T/L, O/D

H. Export T/L, O/D

11. Do you think the Bank have a strong Loan follow up schedule?

A. Yes

B.

12. Do you have an opinion on the loan repayment performance and credit follow up of the Bank?

St. Mary's University
Accounting Department

Questionnaire to be filled by AIB Gullele Branch borrower.

The aim of this questionnaire is to collect data on loan repayment performance of AIB Gullele Branch. Information will be used only for academic purpose and for partial fulfillment of bachelor degree in Accounting.

Note

- ✓ Please put **x** or **√** mark on the box to provided your answer
- ✓ Don't write your name
- ✓ Thank you for your time and commitment

Part one

General information about the borrowers

1. Sex: Male Female

2. Ages:

A, less than 25 years

B, from 25-35 years

C, from 35-45 years

D, above 45 years

3. Educational levels:

A. below 10/12 class D. First degree

B. Above 10/12 class E. Second degree and above

C. diploma/certificate

Part two: information regarding loan repayment performance of the bank

1. What type of loan do you take from AIB Gullele Branch?

- A. Short term loan (below one year)
- B. Medium term loan (1-5 year)
- C. Long term loan (above 5 year)
- D. If any other specify _____

2. Do you have any credit relation with other banks?

- A. Yes
- B. No

3. When do you finish repayment of the Loan?

- A. before 6 month
- B. from 6 month-on year
- C. from 1-3 year
- D. from 3-5 year
- E. more than 5 year

4. Does the amount of loan you took enough for the purpose intended?

- A. Yes
- B. No

5. If the answer is "No" for question 4, do you have any other source of fund?

- A. Yes
- B. No

6. Did you spend the borrowed money for the purpose intended in the loan agreement?

- A. Yes
- B. No

7. Is the Loan disbursed once or phase by phase?

- A. Once
- B. Phase by Phase

8. Does the repayment Schedule set by the Bank suitable for you?

- A. Agree
- B. Strongly Agree
- C. Des agree
- D. Strongly Des Agree

9. Do you have any know how about default and its interest rate charge?

A. Yes B. No

10. If your answer for Q No. 10 is "Yes" what is your reason for the default?

- A. Loan Diversification
- B. Lack of Market
- C. Government Policy
- D. Companies policy change in the loan system
- E. Environmental Impact
- F. If any other please specify_____

11. What is the major source of fund to repay your loan?

12. Will you become unable to repay the loan in the due date?

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የዚህ መጠይቅ ዋና አላማ በአዋሽ ኢንተርናሽናል ባንክ አ.ማ. ጉለሌ ቅርንጫፍ ብድር አከፋፈል ሁኔታ ላይ ያለውን መረጃ ማሰባሰብ ነው። መረጃውንም የምንጠቀመው ለትምህርታዊ አላማ እና ለአካውንቲንግ ባችለር ኦፍ አርት ዲግሪ መስፈርት ማጠቃለያ ብቻ ነው።

ማሳሰቢያ፤

- ✓ ስሞትን መጻፍ አያስፈለግም
- ✓ ጊዜውን ሰውተው የህን መጠይቅ በመሙላት ስለተባበሩን በቅድሚያ እናመሰግናለን
- ✓ እባክዎ መልስዎን ✓ X ወይም ምልክቶችን ተጠቅመው ባዶ ሳጥኖች ውስጥ ያስቀምጡ።

ስለተበዳሪው ደንበኛ ጠቅላላ መረጃ፤

የታ፣ ሴት ወንድ

እድሜ፤

- ከ 25 ዓመት በታች
- ከ 25-35 ዓመት
- ከ 35-45 ዓመት
- ከ 45 ዓመት በላይ

የትምህርት ደረጃ፤

- ከሰርተፍኬት በታች
- ሰርተፍኬት
- ዲፕሎማ
- የመጀመሪያ ዲግሪ
- ሁለተኛ ዲግሪና ከዚያ በላይ

ክፍል ሁለት: ጥናቱ በማስመልከት ዝርዝር መረጃ

1. ምን አይነት ብድር ነው ከአዋሽ ኢንተርናሽናል ባንክ ጉለሌ ቅርንጫፍ የወሰዱት።

ሀ. የአጭር ጊዜ (እስከ 1 ዓመት)

ለ. የመካከለኛ ጊዜ (1-5 ዓመት)

ሐ. የረጅም ጊዜ (ከአምስት ዓመት በላይ)

መ. ሌላ ካለ ይግለጹ _____

2. ከሌላ በንኮች ጋር የብድር ግንኙነት አሉት።

ሀ. አዎ

ለ. የለኝም

3. በአዋሽ ኢንተርናሽናል ባንክ ጉለሌ ቅርንጫፍ የሚገኘውን ብድርዎን ክፍያ መቻ ይጨርሳሉ።

ሀ. ከ 6 ወር በታች

ሐ. ከ 1-3 ዓመት

ሠ. ከ 5 ዓመት በላይ

ለ. ከ 6 ወር እስከ 1 ዓመት

መ. ከ 3-5 ዓመት

4. ከአዋሽ ኢንተርናሽናል ባንክ ጉለሌ ቅርንጫፍ የወሰዱት ብድር ለፈለጉት አላማ በቂ ነበር።

ሀ. አዎ

ለ. አይደለም

5. ለጥያቄ ቁጥር አራት መልስዎ አይደለም ከሆነ ሌላ ተጨማሪ ገቢ ነበርዎት።

ሀ. አዎ

ለ. የለኝም

6. ከአዋሽ ኢንተርናሽናል ባንክ ጉለሌ ቅርንጫፍ የወሰዱትን ብድር በውሉ መሠረት እንደተቀመጠው ለታሰበለት አላማ ነው ያዋሉት።

ሀ. አዎ

ለ. አይደለም

7. ከአዋሽ ኢንተርናሽናል ባንክ ጉለሌ ቅርንጫፍ የወሰዱት ብድር የተለቀቀለት እንዴት ነው።

ሀ. አንዴ

ለ. ደረጃ በ ደረጃ

8. ባንኩ ለብድሩ አመላላስ ያመች ዘንድ ያስቀመጠው የክፍያ ቀን ለርስዎ ተስማሚ ነው።

ሀ. አዎ

ለ. አይደለም

9. ለጥያቄ ቁጥር ሰምንት መልስዎ አይደለም ከሆነ እባክዎን ሀሳብዎን ይግለጹ።

10. ብድር ወደ ተበላሽ መደብ (NPL) ሲገባና እሱን ተከትሎ ባንኩ በሚወስደው የተጨማሪ ወለድ ጭማሪ ላይ እውቀት አለዎት።

ሀ. አዎ

ለ. የለኝም

11. ለጥያቄ ቁጥር አስር መልስዎ አዎ ከሆነ ለብድር መበላሸት ምክንያቱ ምንድን ነው።

ሀ. ብድርን ለሌላ መጠቀም

ለ. የስራ መቀዝቀዝ

ሐ. የመንግስት ህግ

መ. የአካባቢ ተፅዕኖ

ሠ. በብድር ላይ የባንኩ ሕግ መቀየር

ረ. ሌላ ምክንያት ካለዎት

12. ብድርዎን ለመክፈል የሚጠቀሙት ዋና የገንዘብ ምንጭ ምንድን ነው።

13. ብድርዎን በተሰጠዎት ጊዜ ውስጥ ከፍቶ አልጨርስም ብለው ያስባሉ።

St. Mary's University
Accounting Department

Interview question prepared to collect information about loan repayment performance of AIB Gulele branch from loan section head

1. As per your outlook, does the bank have effective loan follow up procedure?
2. How do you initiate your clients to repay back there debt on respective period?
3. Based on your past Experience, what were the penalties taken by bank to collect the outstanding loan?
4. What is your opinion to increase the performance of loan collection?