

**DETERMINANTS OF NON-PERFORMING LOANS AMONG
COMMERCIAL BANKS IN KENYA**

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147454

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DECLARATION

I declare that this work has not been previously submitted and approved for the award of a degree by this or any other University. To the best of my knowledge and belief, the research project contains no material previously published or written by another person except where due reference is made in the research project itself.

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ABSTRACT

Non-performing loans, for a long time have been a huge challenge to the profitability of financial institutions worldwide, Kenyan commercial banks included. This study focused on gender, nature of collateral, credit monitoring and concentration of lending activities as factors affecting the non-performing loans in Kenyan commercial banks and the purpose of the study was to find out if these specific factors have any effect and their significance of their effects if any. The theories used were information asymmetry, moral hazard and behavioural finance. Primary data and a descriptive research design were used in this study. Additionally, the core data came in the form of questionnaires. This study's target population consisted of Kenya's 38 commercial banks. Because the study is small, the entire population was used. The data found was analyzed by a statistical software namely SPSS. Both descriptive statistics and inferential statistics was used. The uniqueness of the study was that these factors have been subject of independent studies in the past, this study aims to find out the combined and individual effects of these factors in Kenyan commercial banks. The study found that gender and concentration of lending activities had a positive relationship with non-performing loans while nature of collateral and credit monitoring had no relationship.

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CHAPTER ONE: INTRODUCTION

1.1 Background of the study

The Kenyan banking sector is facing a challenge of increasing non-performing loans. Gross non-performing loans (NPLs) in the banking sector rose 25.67 percent to Ksh635. 8 billion (\$4.37 billion) in November 2023 from Ksh505. 9 billion (\$3.48 billion) during the same period in 2022, according to data from the Central Bank of Kenya (CBK). But because of non-performing assets, banks are now extremely cautious when making loan extensions (Sontakke, 2013). A loan in which the borrower is in default and hasn't made any scheduled principle or interest payments for a predetermined amount of time is known as a nonperforming loan (NPL). If a commercial loan is 90 days past due, the bank considers it non-performing. The occurrence of non-performing loans can have negative effects on the banking system by decreasing profitability, making it harder to get liquidity and making it more susceptible to shocks to the economy.

An economy's ability to develop is greatly influenced by its banking sector. The stage at which the economy develops is determined by the development role played by the financial sector. Thus, the development of an economy depends on the stability of the financial sector (Bayar, 2019). The principal role mobilizing deposits from surplus units to deficit units through loans and advances to a range of industries and sectors, including government, business, agriculture, and personal. Gender can have a big influence on loan repayment behavior and how likely it is that a loan would become non-performing. Gender disparities exist, with women facing higher barriers to accessing credit (Andrés, 2021). Women tend to be more creditworthy and less likely to default on loan. From the financial point of view, women are more conservative in managing money and poor women have fewer options to use money than men (Fianto, 2019). Therefore, knowing the impact of gender in the Kenyan banking sector will provide valuable insights.

Bad loans can be caused by reasons like low-value collateral or recovery challenges (WANGUI, 2010). It is an essential factor that banks consider when deciding on lending to a borrower. They act as secondary source of repayment in case of default. It is important to know the type and value of collateral the Kenyan banks consider the most. Credit monitoring includes steps to make sure the bank is aware of borrower's current financial situation and ensure all credit is in

compliance with the existing covenant; observe how customer utilize authorized credit lines; ensure that projected cash flows on major credits meet debt servicing requirements; ensure where applicable collateral provides adequate coverage (Seppala,2000). Strict system related credit performance monitoring ensures better loan performance (Nyasaka, 2017).

Lending activities means advancing funds or credit to and collecting funds from another person (lawinsider). And concentration of these activities may involve one borrower, an affiliated group of borrowers, or borrowers engaged in or dependent on one industry (OCC). Therefore, it's good to know to whom the Kenyan commercial banks lend to the most. Hailu (2021) studied the factors affecting non-performing loans. And these factors were bank size, credit size, credit assessment, inadequate nature of collateral, bad credit condition, absence of a vigorous procedure for collecting credit. And the researcher found that growth in bank size will result in growth in NPLs. Also lack of aggressive credit collection system will cause NPLs. In the study, the researcher also found that poorly valued collateral causes NPLs. In the study credit condition which also involves credit monitoring, concluded good monitoring helps poor loans perform well.

Akmel (2019) studied factors which included credit monitoring and also collateral. However, in this study the researcher concluded that credit monitoring does not help loans to perform well as suggested by the previous study by Hailu (2021). Also the two studies differ in collateral whereby Akmel (2019) found that respondents were neutral about collateral affecting NPLs. V Nadham, B Nahid (2015), one of the factors the researchers studied was the concentration of lending activities. In the study it was found that the concentration of lending activities is negatively related to NPLs which was a contradiction of another study by Abafita (2003) which found that concentration of lending activities has a positive association with NPLs. Atem (2017) studied gender as one of the factors affecting non-performing loans. The researcher found that gender has no statistical influence on non-performing loans. In contradiction Fianto (2019) discovered that gender possesses a positive correlation with non-performing loans and it's significant. Furthermore, the researcher found that male clients have higher probability of nonperformance than females. All these studies were done in other countries or didn't test the combined effects of these factors. The purpose of this study is to solve that problem and investigate how these factors affect Kenyan commercial banks both individually and collectively.

Banking sector in Kenya

According to CBK, 38 commercial banks had operations in Kenya. Among the financial institutions with permission to operate in the country, the majority were local private banks (Central Bank of Kenya). The banking industry plays a significant part in a nation's economy. The banking industry supports the processes of production, distribution, exchange, and consumption within the economic system by acting as a middleman (Siraj K.K, 2014).

Banks inject the flow of funds or capital into an economy which will cause economic expansion. So the efficiency of a banking system will determine the development of an economy. Like any other business, banks are evaluated based on profitability and also the type or quality of assets they possess (Siraj K.K, 2014).

Loans are the primary assets of banks and they generate the largest amount of operating income and lending is the core of the banking sector. However, banks are exposed to a big risk while providing loans. Banks do their best to reduce this risk by having careful credit risk assessments and also having provisions for bad and doubtful debts. But when the non-performing loans are too much the provisions might not be able to cover (Kirui, 2014). And this raising levels of non-performing loans is the major problem facing commercial banks in Kenya.

Kenya's banking sector has experienced several changes and difficulties since the 1980s as a result of the widespread failure of multiple banks. Several banks were placed under the Central Bank of Kenya's statutory administration in the 1990s after the Goldenberg scandal caused financial hardship for a number of them (Atem, 2017). The banking sector here in Kenya faced serious challenges with non-performing loans that resulted in closure of some banks.

In recent pasts researchers have tried to assist the lending institutions to curb and also find the causes of these non-performing loans. But most of the researchers have only focused on macroeconomic variables affecting non-performing loans. Others only focused on the bank specific factors and did not consider the customer specific factor such as gender which this study is trying to investigate.

1.2 Problem Statement

As mentioned, the level of NPLs has increased. In November 2023, the amount of non-performing loans (NPLs) was Ksh635. 8 billion (\$4.37 billion), up 25.67 percent from Ksh505. 9

billion (\$3.48 billion) during the same period in 2022, and it raises concern among stakeholders, regulators and the banks. The issue still exists despite numerous attempts to try and reduce it. Because of this persistent problem, it has created a need to better understand the underlying factors contributing to the increase of non-performing loans

Some of these factors such as gender and credit monitoring have been the subject of independent studies in the past, and also most of the factors studied in the Kenyan banking sector are macro. But to successfully lower non-performing loans is constrained by the lack of an integrated analysis, hence it limits the capacity of banks and policy makers to create focused policies. To address this gap, this study will examine the combined and individual effects of these factors on non-performing loans in Kenyan commercial banks.

1.3 Research Objective

1.3.1 General Objective

The general objective of this study is to examine the determinants of non-performing loans in Kenyan commercial banks.

1.3.2 Specific Objectives

Based on the general objective, this study will encompass the following specific objectives to examine the determinants of non-performing loans

1. To determine the effect of gender on non-performing loans in Kenyan commercial banks.
2. To determine the effect of nature of collateral affects non-performing loans in Kenyan commercial banks.
3. To determine the effect of credit monitoring affects non-performing loans in Kenyan commercial banks.
4. To determine the effect of concentration of lending activities on non-performing loans in Kenyan commercial banks

1.4 Research Questions

This study will try to answer the following the questions:

1. What is the effect of gender on non-performing loans in Kenyan commercial banks?
2. What is the effect of credit monitoring on non-performing loans in Kenyan commercial banks?

3. How the nature of collateral will affect non-performing loans in Kenyan commercial banks?
4. How the concentration of lending activities will affect non-performing loans in Kenyan commercial banks?

1.5 Scope of the study

The study focused on determinants of non-performing loans among commercial banks in Kenya. It explored the effect of gender, credit monitoring, nature of collateral and lending activity concentration on non-performing loans. The research took place in Nairobi and it was done in the year 2024. It investigated Nairobi's 38 commercial banks.

1.6 Significance of the study

According to Mugenda, A. G. and Mugenda, M. O. (1999), research is conducted for a specific purpose.

To Policy: The results of the study may also influence policy choices that support the stability of the banking industry in Kenya. The results could be applied to enhance credit monitoring practices, restrict lending concentration, and establish appropriate collateral standards.

To Banks: Kenyan commercial banks will benefit from the findings since they will clarify how these factors affect non-performing loans.

To Practitioners: These study findings will inform the practitioners by enabling them to make well informed decisions and also take appropriate actions to address the issues.

To Knowledge: By offering a comprehensive examination of gender, collateral type, credit monitoring, and lending activity concentration, this study will add to the body of knowledge.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter provides a comprehensive overview of the body of research on non-performing loans and the factors that contribute to or affect them. Additionally, it examines the theories of non-performing loans.

2.2 Theoretical review

2.2.1 Information Asymmetry Theory

Three researchers, George Akerlof, Michael Spence, and Joseph Stiglitz, developed this idea in the 1970s. "For their analyses of markets with asymmetric information," they were awarded the 2001 Bank of Sweden Prize in Economic Sciences in Memory of Alfred Nobel (Nobel Prize). The theory says that asymmetric information is an issue in financial markets like lending and borrowing. This is because in these markets and situations the borrowers know their financial situation or status more than the lenders and these can cause the market to fail.

The theory states that in an ideal market setting, where both parties have perfect and cost-free information available to them and there are no uncertainties about trading conditions, neither party experiences market failure of information. But in reality, information is neither perfect nor free. There is an uneven distribution of information from the perspective of the lender, they have inadequate information about the fundamental quality of the project (Kigamwa, 2023)

This theory suggests that in certain markets, a difference in information between customers and vendors may lead to inefficiency. Lenders providing loans face an improbability of loan repayment because they cannot predict their borrower's behavior (Kigamwa, 2023). Additionally, this will lead to a rise in non-performing loans.

2.2.2 Moral Hazard

When one party participates in a risky activity knowing that it is protected from the risk, the other party bears the repercussions (Holmsrtom, 2014). The first formal model of moral hazard was developed by Zeckhauser (1970). This is a result of the parties' unequal access to information. The scenario has two participants and either participant has more information and therefore protected from the risk or danger (Yaman, 2018)

From a lending standpoint, the moral hazard problem implies that unless there are obvious and immediate risks, borrowers are likely to default on credit applications (Muthitu, 2020). There is a chance that the borrower will do something that the lender will find unpleasant in the banking

sector since it will make it less likely that the borrower would ever repay the loan (Muthitu, 2020), which will increase the number of non-performing loans.

Since banks depend on the information supplied and some borrower characteristics cannot be ascertained, it adds to the accumulation of non-performing loans (Kigamwa, 2023). Lenders lack the necessary information throughout a lending contract to evaluate and think that borrowers will have achieved a certain level of wealth at the time the debt repayment is due, rather than at the time of application. If lenders are unable to assess borrowers' wealth, it will be enticing for them to fail on their loan (Muthitu, 2020).

2.2.3 Behavioural Finance

The study of investor psychology and how it affects financial decision-making is known as behavioural finance. Humans are recognised to experience emotions, which might influence their decision-making (Kapoor, 2017). It is recent school of thinking and it examines how psychology affects behavior and the consequences that follow. It denotes how psychological biases play a part in decision making and the distinct behavioral effects they have, which in this case is non-performing loans (Kapoor, 2017).

Behavioural finance approach can be used to explore how a person's gender affect their views, choices and actions with relation to money. For example, there are gender gaps in financial knowledge hence women tend to score lower on financial literacy tests and in turn it will impact their confidence in making financial decisions (Lusardi, 2015). It will help explain how gender dynamics affect loan repayment behaviour and default risk in the context of NPLs.

2.3 Empirical Review

2.3.1 Gender

Fianto (2019) investigated the factors that determine the failure of Islamic banks in Indonesia. The sample size consists of 140 customers, 90 of whom are financially well off and 50 are financially weak. The variables studied included gender, age, occupation and contract type. The difference of interest here is gender. The study found that gender is a positive and significant factor in access, and male customers are more likely to be affected than female customers. Previous studies conducted in Grameen Bank also supported this conclusion. The strength of this

study is that the authors investigated specific clients of microfinance institutions. A weakness of this study is that it was conducted using only Islamic microfinance institutions.

Atem (2017) investigated the variables influencing KCB Bank Kenya Limited's non-performing loans. The study employed a quantitative research approach, and multiple regression analysis was performed to examine the data. The variables studied were gender, interest rates, age, credit size and bank size. The study's population consisted of all loans made to Kenya Commercial Bank clients between 2000 and 2015. And the sample picked was from Nairobi region of the Kenya Commercial Bank. According to the findings, gender had no bearing on the number of non-performing loans at Kenya Commercial Bank. This study is different from the previous one, which raises controversy about gender. The strength of this study is that the author also used some customer specific factors as variables. The weakness of this study is that it only investigated one bank.

2.3.2 Nature of Collateral

Akmel (2019) studied the determinants of bad loans in Ethiopian commercial banks. Using the purposive sampling technique, the researcher selected one state-owned bank, 12 private commercial banks, and using the random sampling technique, selected 190 loan officers and determined a sample of 117 officers. The researchers used many different factors, one of which is the nature of collateral. Statistical analysis was used in the analysis. The results of the study indicate that the respondents believe that the relationship between NPLs and product quality is moderate. The strength of this study is that it examines both specific banks and specific customers. One of the weaknesses of the study is that it examines only a few banks in Ethiopia.

Hailu (2021) investigated how bank workers perceived the variables influencing non-performing loans between two Ethiopian banks. The type of collateral was one of the institutional and customer-specific elements that the researcher concentrated on. A descriptive research design was employed in the study. The target banks were chosen by purposive selection, while the credit personnel were chosen through census sampling. To analyse the data, descriptive statistics were employed. The findings demonstrated that low-value collateral leads to loan default, which raises the number of non-performing loans. A prior study by Gaitho (2010), which examined the reasons for non-performing loans in Kenyan banks and concluded that low-value collateral was a contributing factor, also supports this study. There is a reason to look into this variable because

these studies contradict the previous study by Akmil (2019). This study's strength is that it takes into account elements unique to both banks and customers. The fact that this study only looks into two banks is one of its weaknesses.

2.3.3 Credit monitoring

Birhanu (2022) examined the factors affecting the bad loans of the Ethiopian Abyssinian Bank. The changes focused on in this study include credit monitoring. Regression and descriptive statistics were used to analyze the data. The results show that credit monitoring has a negative effect on NPLs, that is, when credit monitoring is strengthened, NPLs will decrease, and when it is strengthened, NPLs will decrease. This is a strong study because it investigates both bank and customer-specific changes. One shortcoming of the study is that only one bank was examined. Hailu (2021) also studied credit monitoring in terms of bank loan supervision capacity. This study complemented the study done by Birhanu (2022), by getting the same results. According to the study's findings, advanced and inadequately evaluated loans could do well under the right supervision. Additionally, it claimed that banks with larger loan monitoring budgets have significantly less non-performing loans.

Credit monitoring was also examined by Akmel (2019) as a factor influencing non-performing loans. However, this study's findings were different from those of the previous research. The study's participants disagreed that loans and advances might do well under the bank's careful supervision. There is a reason to look at this variable because this study contradicts the previous studies.

2.3.4 Concentration of Lending Activities

Viswanadham and Nahid (2015) investigated the determinants of non-performing loans in NBC Bank in Dodoma, Tanzania. Their research covers a wide range of topics from macroeconomics to private bank reforms. An example is the concentration of loans. Data for this study was collected from 152 respondents and descriptive statistics were used to analyze the data. The results showed that the concentration of lending activities do not increase the levels of non-performing loans, the concentration of lending activities is negatively related to non-performing loans. This study was a contradiction of another study done by Abafita (2003) and that study concluded that there is a positive relation between concentration of lending activities and non-performing loans.

2.4 Summary of literature and research gaps

Author (year)	Title	Summary of findings	Research gap	How the study will fill the research gap
Dr. N. Viswanadham and Nahid B, 2015	Determinants of non-performing loans in commercial banks: A study of NBC bank Dodoma Tanzania	<ul style="list-style-type: none"> • Negative relationship between concentration of lending activities and NPLs • Positive relationship between bank loan supervision capacity and NPLs • Negative relationship between economic conditions and NPLs • Negative relationship between GDP and NPLs 	Studied macro-economic factors and bank specific factors in one bank in Tanzania	The study will focus on bank specific and customer specific variables in Kenyan Commercial Banks
Martha Nyaliet	Factors	<ul style="list-style-type: none"> • Age, gender, 	Studies the	The study will try to

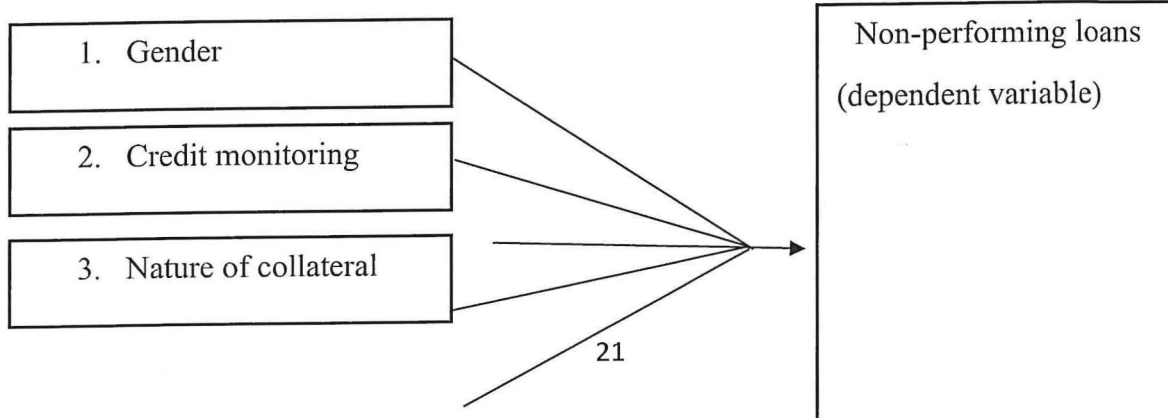
Chol Atem, 2017	affecting non-performing loans: A case study of KCB bank Kenya Limited Nairobi region	<p>bank size, credit size has no significance</p> <ul style="list-style-type: none"> • Interest rate is positive and significant 	bank specific and borrower specific variables in one bank	study the variables in all Kenyan Commercial Banks
Bayu Arie Fanto, 2019	Determining factors of non performing financing in Islamic microfinance institutions	<ul style="list-style-type: none"> • Gender is positive and significant • Age is negative and significant • Type of occupation is negative and significant • Type of contract is negative and significant 	Studies the variables in Islamic microfinance institutions	The study will focus on the variables in Kenyan Commercial Banks
Delil Akmel, 2019	Determinants of non-performing loan: The case of Ethiopian Commercial Banks	<ul style="list-style-type: none"> • Bank size has no significant impact • Bank ownership has no significant impact 	Studies the bank specific and customer specific variables in Ethiopia	The study will focus on bank specific and customer specific variables in Kenya

		<ul style="list-style-type: none"> • Credit growth increases NPLs • Credit terms have a significant impact on NPLs • Borrower's orientation has an impact on NPLs • Collateral is neutral in relation to NPLs • Loans and advances might not perform well if properly monitored 		
Rahel Hailu, 2021	Assessment of the perception of bank employees on factors affecting non-performing loans: A	<ul style="list-style-type: none"> • Bank size is negatively related to NPLs • Credit size is positively 	Studies the bank specific variables in Ethiopia	This study will study the bank specific variables in Kenya

	comparative study of commercial bank of Ethiopia and Awash Bank	related <ul style="list-style-type: none"> • Poor credit assessment has significant impact on NPLs • Poor collateral contributes to NPLs • Loans and advances might do well if monitored • Lack of aggressive collection system causes NPLs 		
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Table 2. 1

2.5 Conceptual framework



4. Consistency of lending activities

2.5.1 Operationalization of study variables

Variable	Variable Type	Indicator	Data Source
Gender	Independent variable	<ul style="list-style-type: none"> • Male clients are more likely to default due to higher risk tolerance • Female clients tend to have a higher repayment rate than male clients • Compared to men, women typically have less access to financial resources • Compared to men, women are more cautious in their financial decisions • Compared to male borrowers, female borrowers typically have higher loan repayment rates • Programs tailored to a specific gender could aid in the decline of non-performing loans 	Questionnaire
Credit monitoring	Independent variable	<ul style="list-style-type: none"> • Strict monitoring ensures loan performance • Poorly assessed and advanced loans may perform well if monitored 	Questionnaire

		<ul style="list-style-type: none"> • Loan follow up is directly related to occurrence of NPLs • Bank with higher budget for loan monitoring has lower NPLs • Credit monitoring helps the bank to track customer's credit reports • Early credit monitoring leads to proactive measures that prevent loans from being non-performing 	
Nature of collateral	Independent variable	<ul style="list-style-type: none"> • Loans with collateral perform well • The bank lends money to customers with good collateral • Non collateralized loans default most of the time • Loans with extremely liquid collateral (e.g. cash, securities) are less likely to go bad • Unstable collateral such as real estate raises the possibility of a loan becoming non-performing • Non-performing loans can be attributed to the challenges associated in liquidating specific forms of collateral • The collateral required by the bank is adequate to reduce the risk of a defaulted loan 	Questionnaire
Concentration of lending activities	Independent variable	<ul style="list-style-type: none"> • The loan activities of the bank are focused on a particular sector e.g. agriculture, construction 	Questionnaire

		<ul style="list-style-type: none"> • The bank is vulnerable to sector specific risks due to its lending concentration • The probability of non-performing loans will reduce if the bank's loan portfolio was more diversified • The probability of non-performing loans increases with geographical concentration of loans (loans made in one area/region) • Concentration of lending to particular borrower groups such as small medium enterprise or corporations contributes to non-performing loans • A specific sector's economic problems can lead to a high percentage of loans to become non-performing 	
Non-performing loans	Dependent variable	<ul style="list-style-type: none"> • NPLs/Gross loans 	Secondary data

Table 2. 2

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research methodology used to assess how non performing loans of commercial banks in Kenya are affected by the variables. This chapter covers the concept of design, population and sampling methods, data collection methods, data analysis methods, study quality and ethical issues.

3.2 Research design

The general strategies, methods and procedures chosen to collect and analyze data for the purpose of solving a research problem are called research design (Leedy, 1997). This study adopted a descriptive research design as it aimed to collect detailed descriptions of events that occurred with the aim of drawing conclusions using evidence. Conclusion. It is also compatible with other sites. This design also allows for the use of multiple research methods to examine differences and find relationships between them (Kigamwa, 2015).

3.3 Population and sampling

According to Mugenda and Mugenda (1999), the population consists of all the individuals, objects, events, or goals that the researcher is interested in studying and that have particular characteristics. The 38 commercial banks operating as of 2023 were the study's target audience. Due to the tiny size of the population, sampling was not done in this study.

3.4 Data Collection Methods

The process of obtaining, compiling and accumulating information is known as data collection (Atem, 2017). This study will use primary data. Regarding primary data, questionnaires was used and the questionnaires was structured and open-ended. The variables used for the primary data were gender, credit monitoring, nature of collateral and concentration of lending activities. The questionnaire can be found in the appendix.

3.5 Data Analysis

A statistical program was used to examine the information gathered from the questionnaire responses. Using descriptive statistics like mean, percentage, frequency, and standard deviation, a broad picture of the factors influencing non-performing loans was presented. Additionally, inferential statistics were employed to ascertain the importance of the variables as well as their association. For inferential statistics, this study used a regression model:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$$

Y= Dependent variable

β_0 = Constant term

$\beta_1 \dots \beta_4$ = Coefficients of the independent variables of the study

X_1 =Gender

X2=Credit monitoring

X3=Nature of Collateral

X4=Concentration of lending activities

3.6 Research Quality

The degree of consistency or reliability of a construct measurement is called reliability. The study could use Cronbach's alpha or even pilot test the questionnaire. The extent to which a research tool measures what is intended to measure is known as validity (Birhanu, 2022). Construct validity and content validity are the two ways to assure the validity of the research.

Objectivity in research is the researcher avoiding being bias and being influenced by personal opinions. For objectivity, the study followed already established protocols for distributing questionnaires and conducting data analysis

3.7 Ethical issues in research

Every participant had to provide their informed consent and get an explanation of the study's purpose in order to understand it. The study also ensured that information was kept confidential and safe and also ensured the data is anonymized. Additionally, the data gathered using the described process was exclusively utilized for the research.

CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION OF FINDINGS

4.1 Introduction

This chapter presents data analysis and interpretation. The sample size was made up of 38 respondents from all the commercial banks in Kenya, and 30 of them filled out the questionnaires creating a 78.9% response rate. According to Mugenda and Mugenda (1999), a response rate of 50% or more is suitable for statistical reporting. The study employed a likert scale for data collection and analysis, with means and standard deviations calculated on a 5-point likert scale. Following that, these were displayed in tables to be suitable for the literary explanations being provided.

4.2 Sample presentation

4.2.1 Years Employed

Years

	Frequency	Percent	Valid Percent	Cumulative Percent
Less than 1 year	1	3.3	3.3	3.3
1yr – 5yrs	29	96.7	96.7	100.0
Total	30	100.0	100.0	

Table 4. 1 Years Employed

The respondents were asked to indicate the years employed at their respective banks. In the table 4.1 above, it was found that 96.7% of the respondents worked there for 1yr – 5yrs and only 3.3% worked there for less than 1 year. This shows that the majority of the respondents were new to the workforce or new to their respective banks.

4.2.2 Reliability

The reliability of the questionnaires was tested using the Cronbach alpha and the results are as per the tables below.

Gender

Cronbach's Alpha	N of Items
.874	6

Nature of Collateral

Cronbach's Alpha	N of Items
.794	2

Credit Monitoring

Cronbach's Alpha	N of Items
.794	2

Concentration of Lending Activities

Cronbach's Alpha	N of Items
.773	6

Non performing loans

Cronbach's Alpha	N of Items
.795	2

Table 4. 2 Reliability

The study's Cronbach's Alpha results, which looked at how different factors affected non-performing loans, shed light on how reliable the assessment scales were. The internal consistency of each scale's items was assessed using Cronbach's Alpha, which has a generally recognized cutoff point of 0.7 for adequate reliability.

For independent variable, gender, it achieved a Cronbach's Alpha of 0.874, meaning all six items had good reliability and captured the intended concept. The same goes for the independent variable, concentration of lending activities, it achieved a Cronbach's Alpha of 0.773, meaning all six items showed good reliability. And no refinement was done to these two independent variables.

For independent variable, nature of collateral, it achieved a Cronbach's Alpha of 0.794 with two items only being reliable after doing refinements. The items "Loans with collateral perform well", "The bank lends money to customers with good collateral", "Non collateralized loans default most of the time", "Loans with extremely liquid collateral (e.g. cash, securities) are less

likely to go bad”, “The collateral required by the bank is adequate to reduce the risk of a defaulted loan” were removed to achieve the above Cronbach’s Alpha.

For independent variable, credit monitoring, it achieved a Cronbach’s Alpha of 0.794 with only two items only being reliable after doing refinements. The items “Tight monitoring guarantees loan performance”, “Poorly evaluated and advanced loans may perform well if monitored”, “Loan follow up is directly related to occurrence of NPLs”, “Bank with higher budget for loan monitoring has lower NPLs” were removed to achieve the above Cronbach’s Alpha.

For dependent variable, non-performing loans, it achieved a Cronbach’s Alpha of 0.795 with only two items only being reliable after doing refinements. The items “The bank is successful in handling non-performing loans”, “In the bank, non-performing loans are a big issue”, “The bank’s non-performing loans are a contributing factor to the development of additional issues”, “The bank is aware of the origins and consequences of non-performing loans” were removed to achieve the above Cronbach’s Alpha.

4.3 Descriptive Statistics

Gender

No	Item	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	σ
1	Male clients are more likely to default due to higher risk tolerance	1 (3.3)	23 (76.7)	6 (20)	0 (0)	0 (0)	3.83	0.461
2	Female clients tend to have a higher repayment rate than male clients	0 (0)	0 (0)	24 (80)	6 (20)	0 (0)	2.80	0.407
3	Compared to men, women typically have less access to financial resources	0 (0)	0 (0)	24 (80)	6 (20)	0 (0)	2.80	0.407
4	Compared to men, women are more cautious in their financial decisions	1 (3.3)	21 (70)	8 (26.7)	0 (0)	0 (0)	3.77	0.504

5	Compared to male borrowers, female borrowers typically have higher loan repayment rates	0 (0)	0 (0)	30 (100)	0 (0)	0 (0)	3.00	0.00 0
6	Programs tailored to a specific gender could aid in the decline of non-performing loans	0 (0)	14 (46.7)	16 (53.3)	0 (0)	0 (0)	3.47	0.50 7

Table 4. 3 Gender

Above are the findings for the independent variable, gender, which consisted of six items with responses summarized using mean and standard deviation to show the respondent's perception regarding gender.

For the first item, "Male clients are more likely to default due to higher risk tolerance", it had a mean of 3.83 and a standard deviation of 0.461. This means most of the respondents agreed that male clients are more likely to default because the mean falls between 3.5-4.2 which is "agree" and also there is little variation because of the low standard deviation. For the second item, "Female clients tend to have a higher repayment rate than male clients", it had a mean of 2.80 and a standard deviation of 0.407. This means that majority of the respondents were neutral about female clients having higher repayment because the mean falls between 2.7-3.4 which is "neutral" and also there is little variation because of the low standard deviation.

For the third item, "Compared to men, women typically have less access to financial resources", it had a mean of 2.80 and a standard deviation of 0.407. This means majority of the respondents were neutral about women having less access to financial resources because the mean falls between 2.7-3.4 which is "neutral" and also there is little variation because of the low standard deviation. For the fourth item, "Compared to men, women are more cautious in their financial decisions", it had a mean of 3.77 and a standard deviation of 0.504. This means most of the respondents agreed that women are more cautious because the mean falls between 3.5-4.2 which is "agree" and also there is little variation because of the low standard deviation.

For the fifth item, "Compared to male borrowers, female borrowers typically have higher loan repayment rates", it had a mean of 3.00 and a standard deviation of 0.000. This means all the respondents were neutral about female borrowers having higher loan repayments rates than their

male counterparts. This is because the mean falls between 2.7-3.4 which is neutral and also there is no variation. For the sixth item, “Programs tailored to a specific gender could aid in the decline of non-performing loans”, it had a mean of 3.47 and a standard deviation of 0.507. This means that majority of the respondents were neutral about gender tailored programs will reduce non performing loans. This is because the mean falls between 2.7-3.4 which is neutral and there is little variation because of the low standard deviation. Overall, the weighted average was 3.28 which shows the respondents having neutrality on whether gender is a determinant of non-performing loans.

Nature of Collateral

No	Item	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	σ
1	Unstable collateral such as real estate raises the possibility of a loan becoming non-performing	0 (0)	28 (93.3)	2 (6.7)	0 (0)	0 (0)	3.93	0.254
2	Non-performing loans can be attributed to the challenges associated in liquidating specific forms of collateral	0 (0)	29 (96.7)	1 (3.3)	0 (0)	0 (0)	3.97	0.183

Table 4. 4 Nature of collateral

Above are the findings for the independent variable, nature of collateral, which consisted of two items with responses summarized using mean and standard deviation to show the respondent’s perception regarding nature of collateral.

For the first item, “Unstable collateral such as real estate raises the possibility of a loan becoming non-performing”, it had a mean of 3.93 and a standard deviation of 0.254. This means that the majority of the respondents agree that unstable collateral such as real estate raises the chance of a loan becoming non-performing. This is because the mean falls between 3.5-4.2 which is “agree” and also there is little variation due to the low standard deviation.

For the second item, “Non-performing loans can be attributed to the challenges associated in liquidating specific forms of collateral”, it had a mean of 3.97 and a standard deviation of 0.183.

This means that most of the respondents agree that the non-performing loans can be caused by challenged in liquidating specific forms of collateral. This is because the mean falls between 3.5-4.2 which is “agree” and also there is very little variation due to the low standard deviation. Overall, the weighted average was 3.95 which shows the respondents agree that nature of collateral can be a determinant of non-performing loans.

Credit Monitoring

No	Items	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	σ
1	Credit monitoring helps the bank to track customer’s credit reports	1 (3.3)	29 (96.7)	0 (0)	0 (0)	0 (0)	4.03	0.183
2	Early credit monitoring leads to proactive measures that prevent loans from being non-performing	2 (6.7)	28 (93.3)	0 (0)	0 (0)	0 (0)	4.07	0.254

Table 4. 5 Credit monitoring

Above are the findings for the independent variable, credit monitoring, which consisted of two items with responses summarized using mean and standard deviation to show the respondent’s perception regarding credit monitoring.

For the first item, “Credit monitoring helps the bank to track customer’s credit reports”, it had a mean of 4.03 and a standard deviation of 0.183. This means majority of the respondents agree that credit monitoring helps the bank to track customer’s credit reports. This is because the mean falls between 3.5-4.2 which is “agree” and also there is little variation due to the low standard deviation.

For the second item, “Early credit monitoring leads to proactive measures that prevent loans from being non-performing”, it had a mean of 4.07 and a standard deviation of 0.254. This means most of the respondents agree that early credit monitoring leads to proactive measures. This because the mean falls between 3.5-4.2 which is “agree” and also there is little variation due to the low standard deviation. Overall, the weighted average was 4.05 showcasing that majority of the respondents agree that credit monitoring can be determinant of non-performing loans.

Concentration of Lending Activities

No	Item	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mean	σ
1	The loan activities of the bank are focused on a particular sector e.g. agriculture, construction	0 (0)	0 (0)	24 (80)	6 (20)	0 (0)	2.80	0.407
2	The bank is vulnerable to sector specific risks due to its lending concentration	0 (0)	5 (16.7)	19 (63.3)	6 (20.0)	0 (0)	2.97	0.615
3	The probability of non-performing loans will reduce if the bank's loan portfolio was more diversified	0 (0)	30 (100)	0 (0)	0 (0)	0 (0)	4.00	0.000
4	The probability of non-performing loans increases with geographical concentration of loans (loans made in one area/region)	0 (0)	0 (0)	30 (100)	0 (0)	0 (0)	3.00	0.000
5	Concentration of lending to particular borrower groups such as small medium enterprise or corporations contributes to non-performing loans	0 (0)	0 (0)	24 (80)	6 (20)	0 (0)	2.80	0.407
6	A specific sector's economic problems can lead to a high percentage of loans to become non-performing	7 (23.3)	23 (76.7)	0 (0)	0 (0)	0 (0)	4.23	0.430

Table 4. 6 Concentration of lending activities

Above are the findings for the independent variable, concentration of lending activities, which consisted of six items with responses summarized using mean and standard deviation to show the respondent's perception regarding concentration of lending activities.

For the first item, "The loan activities of the bank are focused on a particular sector e.g. agriculture, construction", it had a mean of 2.80 and a standard deviation of 0.407. This means that the majority of the respondents were neutral about the loan activities of the bank are focused on a particular sector. This is because the mean falls between 2.7-3.4 which is "neutral" and also there is little variation due to the low standard deviation. For the second item, "The bank is vulnerable to sector specific risks due to its lending concentration", it had a mean of 2.97 and a standard deviation of 0.615. This means most of the respondents were neutral about the bank being vulnerable to sector specific risks. This is because the mean falls between 2.7-3.4 which is "neutral" and also there is little variation due to the low standard deviation.

For the third item, "The probability of non-performing loans will reduce if the bank's loan portfolio was more diversified", it had a mean of 4.00 and a standard deviation of 0.000. This means that all the respondents agree that non-performing loans will reduce if the bank's portfolio is more diversified. This is because the mean falls between 3.5-4.2 which is "agree" and also there is no variation. For the fourth item, "The probability of non-performing loans increases with geographical concentration of loans (loans made in one area/region)", it had a mean of 3.00 and a standard deviation of 0.000. This means all the respondents were neutral about the probability of non-performing loans increasing with geographical concentration of loans. This is because the mean falls between 2.7-3.4 which is "neutral" and there is no variation.

For the fifth item, "Concentration of lending to particular borrower groups such as small medium enterprise or corporations contributes to non-performing loans", it had a mean of 2.80 and a standard deviation of 0.407. This means majority of the respondents were neutral about the concentration of lending to particular borrower groups such as small medium enterprise or corporations contributes to non-performing loans. This is because the mean falls between 2.7-3.4 which is "neutral" and also there is little variation due to the low standard deviation. For the sixth item, "A specific sector's economic problems can lead to a high percentage of loans to become non-performing", it had a mean of 4.23 and a standard deviation of 0.430. This means that majority of the respondents agree that a specific sector's economic problems can lead to a

high percentage of loans to become non-performing. This because the mean falls between 3.5-4.2 which is “agree” and also there is little variation due to the low standard deviation. Overall, the weighted average was 3.3 showcasing that majority of the respondents were neutral about concentration of lending activities being a determinant of non-performing loans.

Non-performing loans

No	Item	SA (%)	A (%)	N (%)	D (%)	SD (%)	Mea n	σ
1	The bank has a well-defined plan in place for handling non-performing loans	8 (26.7)	22 (73.3)	0 (0)	0 (0)	0 (0)	4.27	0.45
2	Every employee at the bank is dedicated to handling non-performing loans	8 (26.7)	22 (73.3)	0 (0)	0 (0)	0 (0)	4.27	0.45

Table 4. 7 Non-performing loans

Above are the findings for the dependent variable, non-performing loans, which consisted of two items with responses summarized using mean and standard deviation to show the respondent’s perception regarding non-performing loans.

For the first item, “The bank has a well-defined plan in place for handling non-performing loans”, it had a mean of 4.27 and a standard deviation of 0.450. This means that the majority of the respondents agree that the bank has a well-defined plan in place for handling non-performing loans. This is because the mean falls between 3.5-4.2 which is “agree” and also there is little variation due to the low standard deviation.

For the second item, “Every employee at the bank is dedicated to handling non-performing loans”, it had a mean of 4.27 and a standard deviation of 0.450. This means most of the respondents agree that every employee at the bank is dedicated to handling non-performing loans. This is because the mean falls between 3.5-4.2 which is “agree” and also there is little variation due to the low standard deviation. Overall, the weighted average is 4.27 showcasing that the respondents acknowledge that non-performing loans exist among commercial banks.

4.4 Inferential Statistics

Correlation

		Non-performing	Gen	Collateral	Credit Monitoring	Conc.of lending
Non-performing	Pearson Correlation	1	.349*	.063	.251	.324*
	Sig. (1-tailed)		.029	.371	.091	.040
	N	30	30	30	30	30
Gender	Pearson Correlation	.349*	1	-.043	.217	.861**
	Sig. (1-tailed)	.029		.410	.124	<.001
	N	30	30	30	30	30
Collateral	Pearson Correlation	.063	-.043	1	-.362*	-.249
	Sig. (1-tailed)	.371	.410		.025	.093
	N	30	30	30	30	30
Credit Monitoring	Pearson Correlation	.251	.217	-.362*	1	.303
	Sig. (1-tailed)	.091	.124	.025		.052
	N	30	30	30	30	30
Concentration of lending activities	Pearson Correlation	.324*	.861**	-.249	.303	1
	Sig. (1-tailed)	.040	<.001	.093	.052	
	N	30	30	30	30	30

*. Correlation is significant at the 0.05 level (1-tailed).

**. Correlation is significant at the 0.01 level (1-tailed).

Table 4. 8 Correlation

The correlation results showed the connection between the dependent variable and the independent variable. Pearson correlation coefficients was used to assess the direction and strength of these associations

Gender and non-performing loans have a weak positive relationship of 0.349. This suggests gender has a slight cause of non-performing loans. Concentration of lending activities and non-performing loans have a weak but positive relationship of 0.324. This suggests that banks concentrating their lending activities has a slight cause in increase in non-performing loans. Credit monitoring and nature of collateral had no relationship with non-performing loans.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.426 ^a	.182	.051	.79830	1.300

a. Predictors: (Constant), Concentration, Collateral, Credit Monitoring, Gender

b. Dependent Variable: Non-performing

Table 4. 9 Model Summary

The above table shows the summary of the model used. It showed that the correlation coefficient is 42.6% indicating a weak positive relationship between the independent variables and the dependent variable. The R squared value of 0.182 showed that 18.2% change in non-performing loans is explained by the independent variables jointly. Moreover, the adjusted R squared value of 0.051 meant that 5.1% change in non-performing loans is explained by the independent variables. This meant that the model has a poor explanatory power.

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.534	4	.884	1.387	.267 ^b
	Residual	15.932	25	.637		
	Total	19.467	29			

a. Dependent Variable: Non-performing

b. Predictors: (Constant), Concentration, Collateral, Credit Monitoring, Gender

The Anova table measures the overall significance of the model. The results showed that the F statistic had a value of 1.387 and its associated probability value of 0.267 and since the p value is greater than 0.05 the model was not statistically significant.

		Coefficients ^a					
		Unstandardized	Coefficients	Standardized			Collinearity
Model		B	Std. Error	Beta	t	Sig.	Tolerance
1	(Constant)	-1.422	5.714		-.249	.805	
	Gender	.076	.158	.183	.481	.635	.227
	Credit Monitoring	.483	.406	.238	1.189	.246	.821
	Collateral	.391	.425	.192	.920	.366	.752
	Concentration	.074	.203	.143	.362	.720	.211
							VIF

a. Dependent Variable: Nonperforming

Table 4. 10 Anova, Coefficients

The above table made it possible to understand the contributions of each independent variable. Gender had a value 0.076, which meant a unit increase in gender increased non-performing loans by 0.076 units. But the effect is not statistically significant because of a p value of 0.635. Credit monitoring had a value 0.483, which meant a unit increase in credit monitoring increased non-performing loans by 0.483 units. But the effect is not statistically significant because of a p value of 0.246. Nature of collateral had a value 0.391, which meant a unit increase in nature of collateral increased non-performing loans by 0.391 units. But the effect is not statistically significant because of a p value of 0.366. Concentration of lending activities had a value 0.074, which meant a unit increase in concentration of lending activities increased non-performing loans by 0.074 units. But the effect is not statistically significant because of a p value of 0.720.

4.5 Summary of findings

On gender, the majority of the respondents were neutral about it being a determinant of non-performing loan. Gender also had a weak positive relationship with non-performing loans. But gender was also found to be statistically insignificant. On nature of collateral, majority of respondents agreed that it can be a determinant of non-performing loans. But it was found to have no relationship with non-performing loans. It was also found to be statistically insignificant.

On credit monitoring, most of the respondents agreed that it can be a determinant of non-performing loans. But it was found to have no relationship with non-performing loans and it was also found to be statistically insignificant. On concentration of lending activities, majority of the respondents were neutral about it being a determinant of non-performing loans. It had a weak positive relationship with non-performing loans. It was also found to be statistically insignificant.

CHAPTER FIVE: DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This section presents the key research findings and conclusions that are drawn from the the test results. Additionally it provides inspiration for additional study.

5.2 Summary of findings

5.2.1 Gender and non-performing loans

The first goal is to understand the impact of gender on NPLs. Looking at the results, it is seen that the majority of the participants have a neutral view on its impact on NPLs. This study also found that gender has a positive relationship with NPLs. Fianto (2019) also found that gender had a positive relationship, indicating that male customers are more likely to fail in repaying loans than female customers. However, this study also found significant data that parallels another study by Atem (2017), which concluded that there is no significant impact on NPLs.

5.2.2 Nature of collateral and non-performing loans

Understanding the impact of collateral type on non-performing loans was the second goal. According to the results, the majority of respondents concurred that non-performing loans were impacted by the nature of collateral. This backed up a study by Hailu (2021) that found poor loans are caused by collateral that is insufficient. However, this study also discovered that the kind of collateral was statistically inconsequential and had no connection to non-performing loans..

5.2.3 Credit monitoring and non-performing loans

The third goal was to determine how credit monitoring affected non-performing loans. The results demonstrated that most participants concurred that credit monitoring had an impact on non-performing loans. Another study supports this, showing that strong asset quality is maintained if there is adequate monitoring of loans and advances (Akmel, 2019). In this study it was also found that credit monitoring had no relationship with non-performing loans and also statistically insignificant.

5.2.4 Concentration of lending activities and non-performing loans

The fourth goal was to determine how lending activity concentration affected non-performing loans. The results indicated that the majority of respondents had neutrality about concentration of lending activities having an effect on non-performing loans. In a study by Viswanadham and Nahid (2015), the participants denied that NPLs were impacted by the concentration of lending activity. The results also showed a positive correlation between NPLs and the concentration of lending operations, meaning that when concentration of lending activity increased, so did NPLs. The study done by Viswanadham and Nahid (2015) contradicted these findings. In that study it was found that it had a negative relationship with non-performing loans.

5.3 Conclusions

The purpose of this study was to determine the determinants influencing non-performing loans across Kenyan commercial banks. And the determinants being looked at were gender, nature of collateral, credit monitoring and concentration of lending activities. The findings concluded that gender and concentration of lending activities had a positive but weak relationship with non-performing loans. Showcasing that male clients have high probability of non repayments and a bank concentrating on one area has a high probability of non-performing loans.

5.4 Recommendations

For banks to enhance and decrease non-performing loans, the study recommends banks to come up with programs tailored for the specific genders and offer suitable conditions to ensure good repayment of loans. Another recommendation is for the banks to reduce their lending on one specific area/ group and diversify their loan portfolio.

5.5 Suggestions for further research

The study only examined determinants influencing non-performing loans using only four variables which were gender, nature of collateral, credit monitoring and concentration of lending activities. This warrants for another study to investigate other existing variables other than the four mentioned above.

5.6 Limitations of the research

The researcher obtained most of the responses from respondents who had little experience due to unavailability of the more experience and senior respondents. Some items had to be removed in some of the independent variables so that it can achieve reliability. And some banks did not want to disclose data through the questionnaires.

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APPENDICES

QUESTIONNAIRE

Dear respondent,

Thank you very much for your willingness to spend some time answering this research questionnaire. This research is conducted to understand the determinants of non-performing loans in Kenyan Commercial Banks and it is by an undergraduate student at Strathmore University. It intends to gather information from bank employees involved in credit related activities or who belong in the credit department.

Participation will be on a voluntary basis and it will be appreciated fully. Please be assured that your responses will be handled with the utmost confidentiality and the results will be used only for the purpose of this research. Thank You in advance

PART 1: DEMOGRAPHIC INFORMATION

(tick where necessary)

1. Your current position in the bank _____
2. How long have you been employed in this bank?
 - A. Less than 1 year []
 - B. 1yr – 5yrs []
 - C. 6yrs - 10yrs []
 - D. 11yrs - 15yrs []
 - E. Above 15 yrs []

PART 2: QUESTIONS RELATED TO FACTORS AFFECTING NPLS

The following questions are Likert scale types and rate their extent to which you agree or disagree that the following statements best describe your Bank. Use 5-scale ratings whereby; 1=strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree, 5=Strongly Agree (tick in the boxes)

- A. Please indicate your agreement or disagreement to factors relating to credit monitoring;

No	Items	1	2	3	4	5
1	Tight monitoring guarantees loan performance					
2	Poorly evaluated and advanced loans may perform well if monitored					
3	Loan follow up is directly related to occurrence of NPLs					
4	Bank with higher budget for loan monitoring has lower NPLs					
5	Credit monitoring helps the bank to track customer's credit reports					
6	Early credit monitoring leads to proactive measures that prevent loans from being non-performing					

B. Please indicate your agreement or disagreement to factors relating to collateral;

No	Item	1	2	3	4	5
1	Loans with collateral perform well					
2	The bank lends money to customers with good collateral					
3	Non collateralized loans default most of the time					
4	Loans with extremely liquid collateral (e.g. cash, securities) are less likely to go bad					
5	Unstable collateral such as real estate raises the possibility of a loan becoming non-performing					
6	Non-performing loans can be attributed to the challenges associated in liquidating specific forms of collateral					
7	The collateral required by the bank is adequate to reduce the risk of a defaulted loan					

C. Please indicate your agreement or disagreement to the factors relating to gender;

No	Item	1	2	3	4	5
1	Male clients are more likely to default due to higher risk tolerance					

2	Female clients tend to have a higher repayment rate than male clients					
3	Compared to men, women typically have less access to financial resources					
4	Compared to men, women are more cautious in their financial decisions					
5	Compared to male borrowers, female borrowers typically have higher loan repayment rates					
6	Programs tailored to a specific gender could aid in the decline of non-performing loans					

D. Please indicate your agreement or disagreement to the factor relating to concentration in lending activities;

No	Item	1	2	3	4	5
1	The loan activities of the bank are focused on a particular sector e.g. agriculture, construction					
2	The bank is vulnerable to sector specific risks due to its lending concentration					
3	The probability of non-performing loans will reduce if the bank's loan portfolio was more diversified					
4	The probability of non-performing loans increases with geographical concentration of loans (loans made in one area/region)					
5	Concentration of lending to particular borrower groups such as small medium enterprise or corporations contributes to non-performing loans					
6	A specific sector's economic problems can lead to a high percentage of loans to become non-performing					

E. Please indicate your agreement and disagreement to questions relating to non-performing loans;

No	Item	1	2	3	4	5
1	The bank is successful in handling non-performing loans					
2	In the bank, non-performing loans are a big issue					
3	The bank's non-performing loans are a contributing factor to the development of additional issues					
4	The bank has a well-defined plan in place for handling non-performing loans					
5	Every employee at the bank is dedicated to handling non-performing loans					
6	The bank is aware of the origins and consequences of non-performing loans					

LIST OF BANKS

1. ABSA Bank Kenya PLC
2. Access Bank (Kenya) PLC
3. African Banking Corporation Limited
4. Bank of Africa Kenya Limited
5. Bank of Baroda (Kenya) Limited
6. Bank of India
7. Citibank N.A Kenya
8. Consolidated Bank of Kenya Limited
9. Co-operative Bank of Kenya Limited
10. Credit Bank PLC

11. Development Bank of Kenya Limited
12. Diamond Trust Bank Kenya Limited
13. DIB Bank Kenya Limited
14. Ecobank Kenya Limited
15. Equity Bank Kenya Limited
16. Family Bank Limited
17. First Community Bank Limited
18. Guaranty Trust Bank (K) Ltd
19. Guardian Bank Limited
20. Gulf African Bank Limited
21. Habib Bank A.G Zurich
22. I&M Bank Limited
23. KCB Bank Kenya Limited
24. Kingdom Bank Limited
25. Mayfair CIB Bank Limited
26. Middle East Bank (K) Limited
27. M- Oriental Bank Limited
28. National Bank of Kenya Limited
29. NCBA Bank Kenya PLC
30. Paramount Bank Limited
31. Prime Bank Limited
32. SBM Bank Kenya Limited
33. Sidian Bank Limited
34. Spire Bank Ltd
35. Stanbic Bank Kenya Limited
36. Standard Chartered Bank Kenya Limited
37. UBA Kenya Bank Limited
38. Victoria Commercial Bank PLC

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