



**BOARD ROLE PERFORMANCE, CREDIT MANAGEMENT AND FINANCIAL
PERFORMANCE OF COMMERCIAL BANKS IN UGANDA**

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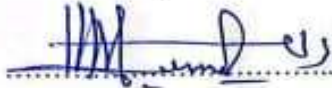
**A RESEARCH REPORT SUBMITTED TO THE DIRECTORATE OF GRADUATE
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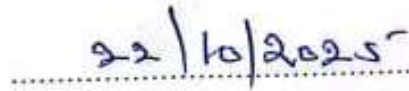
DECLARATION

DECLARATION

I hereby declare that this dissertation titled: *The mediating role of credit management in the relationship between board role performance and financial performance of commercial banks in Uganda* is my original work. It has not been published elsewhere and all secondary information sources used have been properly acknowledged.



Kintu Simon



Date

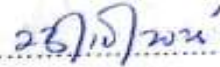
APPROVAL

APPROVAL

We the undersigned declare that this dissertation titled: *The mediating role of credit management in the relationship between board role performance and financial performance of commercial banks in Uganda* has been submitted with our approval as University supervisors.



Assoc. Prof Musenze Ibrahim



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Date

DEDICATION

I dedicate this dissertation to my wife, Madam Nyago Sarah; and my children, Dedy Morris, Namulinda Mary Trudy, Kintu Edwin, Mukanza Alice, and Kintu Recee.

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ABBREVIATIONS

| | |
|--------------|---|
| BoU: | Bank of Uganda |
| KYC: | Know Your Customer |
| IMF: | International Monetary Fund |
| IFRS: | International Financial Reporting Standards |
| NPL: | Non-performing loans |
| ROA: | Return on assets |
| ROE: | Return on equity |
| SPSS: | Statistical Package for Social Scientists |

ABSTRACT

This study examined the mediation role of credit management in the relationship between board role performance and financial performance of commercial banks in Uganda. The specific objectives of the study were to: examine the relationship between board role performance and financial performance of commercial banks in Uganda, assess the relationship between credit management and financial performance of commercial banks in Uganda, establish the relationship between board role performance and credit management in commercial banks in Uganda and examine the mediating role of credit management in the relationship of board role performance and financial performance of commercial banks in Uganda. The study used a cross-sectional research design and a quantitative research approach. The study population was composed of 24 Commercial Banks in Uganda. Census approach was used to adopt the entire study population as the sample size. Data was collected using a structured questionnaire. The questionnaire tool was tested for validity and reliability using content validity index and Cronbach's alpha and the results indicated that the tool was valid and reliable. The study obtained a response rate of 91.3%. The study established that board role performance had positive and statistically significant relationship with financial performance and credit management. Credit management had a statistically significant relationship with financial performance, and credit risk management mediates the relationship between board role performance and financial performance of commercial banks in Uganda. Based on the findings, the study concluded that credit management partially mediates the relationship between board role performance and financial performance of commercial banks in Uganda. Therefore, the study recommends that Boards should integrate credit management practices into governance strategies to maximize their impact on financial outcomes.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter contains the background of the study, problem statement, purpose of the study, research objective, hypothesis, scope of the study, conceptual framework, and significance of the study

1.1 Background of the study

Commercial banks play a vital role in the socio-economic development of countries (Mugarura and Namanya, 2020). They enhance economic growth through the efficient allocation of financial resources (Lotto, 2019). The relationship between effective credit management and financial performance is particularly significant, as banks must navigate risk while maximizing profitability (Lotto, 2019). Financial performance is measured in terms of Return on Assets, Return on equity, and ratio of nonperforming loan to total loans. Evidence suggest that world over, there is a challenge of decline in financial performance among commercial banks.

Globally, the banking sector has encountered numerous challenges that have adversely affected its financial performance. According to the International Monetary Fund (IMF), the average ROE for banks worldwide has declined to approximately 10% in recent years a notable drop from the pre-financial crisis level of around 14% (Handa, 2022; Mugarura & Namanya, 2020). High-profile failures such as the collapse of Lehman Brothers, and the nationalization of Northern Rock and the Royal Bank of Scotland in the UK, underscore the sector's ongoing struggles with weakened financial performance (Mugarura & Namanya, 2020). These events illustrate broader structural and operational vulnerabilities within global banking systems,

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