



Loan Portfolio Management and Financial Performance of Financial Institutions in Rwanda: A Case of Access Bank

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Abstract: Despite significant progress in financial inclusion, with access to formal financial services rising, Rwandan microfinance institutions encounter critical loan-related challenges. The general objective of this study was to examine the effect of loan portfolio management on financial performance of financial institutions, specifically focusing on Access Bank Rwanda. Data collection involved questionnaires and documentary techniques using reports and records from Access Bank. Data analysis was conducted using SPSS (Statistical Package for Social Sciences) version 25, analyzing descriptive statistics frequency, percentage, mean, and standard deviation. The unstandardized coefficient for loan origination is 0.294, the significance level for this coefficient (Sig. = 0.001) demonstrates a statistically significant relationship, highlighting the effect of loan origination on financial performance. For credit risk management, the unstandardized coefficient is 0.334, the significance of this coefficient (Sig. = 0.000) indicates a statistically significant positive relationship with financial performance. The unstandardized coefficient for loan collection and recovery is 0.220, the significance value of 0.002 indicates a statistically significant relationship, pointing to the effect of loan collection and recovery on financial performance. Research concluded that Access Bank Rwanda could shorten processing times and raise loan quality by improving its loan origination procedures and introducing more effective review and approval systems. Furthermore, the bank should engage in modern credit risk management measures, such as using data analytics to better analyze and mitigate possible hazards, which will ensure long-term financial stability.

Keywords: Loan Portfolio Management, Loan Origination, Credit Risk Management, Loan Collection and Recovery, Financial Performance

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1. Introduction

Loan Portfolio Management has its roots in various regions of the globe, dating back to the early 2000s, when significant advances in the financial sector were made. Following the 2008 global financial crisis, banks all over the world had previously unprecedented problems in managing their loan portfolios, prompting a rethinking of

risk-reduction and financial performance-boosting strategies. The crisis demonstrated the need for competent loan portfolio management for financial institutions' long-term profitability and stability (Christophers, 2024).

Since then, technological advancements, shifting regulatory regimes, and turbulent economic conditions have all had a continuous influence on loan portfolio

management procedures used by financial institutions throughout the globe. The intricate interplay between risk management, lending decisions, and financial performance has piqued the interest of academics and business experts. Financial institutions must now understand the intricate relationship between loan portfolio management approaches and financial performance as they try to adapt to changing market conditions (Fajinmi, Onuka & Ayeni, 2023).

Despite significant progress in financial inclusion, with access to formal financial services rising, Rwandan microfinance institutions encounter critical loan-related challenges. Sacco's are grappling with significant challenges related to loan repayment performance. Non-Performing Loans (NPLs) in the microfinance sector reached 6.6%, exceeding the 5% prudential requirement. Umwalimu Sacco reported a staggering Rwf 2,879,348,656 in unrecovered loans and cumulative write-offs of Rwf 3,520,476,193, indicating systemic issues within the microfinance ecosystem. Poor loan repayments adversely impact capital and earnings, leading to financial instability. Effective loan portfolio management can mitigate these issues by enhancing credit risk assessment, ensuring better monitoring of repayments, and ultimately improving financial performance and sustainability (Nshimiyimana & Nkurunziza, 2023).

Similarly, Access to formal credit remains low in Rwanda. Additionally, weak risk management practices, inadequate borrower screening, and a lack of collateral hinder loan repayment performance. These challenges contribute to the overall inefficiency of lending processes. Effective loan portfolio management is essential to address these issues by enhancing credit risk assessment and improving loan recovery strategies, ultimately fostering better financial performance (Kwena, 2024).

Rwandan microfinance institutions, such as Réseau Interdiocésain De Microfinance (RIM Ltd) Kibuye Branch, face significant challenges impacting loan performance, including client appraisal and credit risk control. Deviations in project usage and poor entrepreneurship skills further hinder recovery efforts. Implementing effective loan portfolio management can enhance credit risk assessments and mitigate these issues, improving overall financial performance (Habamenshi & Gasana, 2023).

This study on Loan Portfolio Management and Financial Performance of Financial Institutions, focusing on Access Bank, aimed to address critical research gaps by evaluating effective management strategies. The goal was to help Rwandan financial institutions improve their financial performance by enhancing loan portfolio management and identifying and addressing loan-related difficulties.

The general objective of this study was to examine the effect of loan portfolio management on financial

performance of financial institutions, specifically focusing on Access Bank in Rwanda.

Specifically, the study had the following objectives:

1. To assess the effect of loan origination on financial performance of Access Bank Rwanda.
2. To investigate the effect of credit risk management on financial performance of Access Bank Rwanda.
3. To evaluate the effect of loan collection and recovery on financial performance of Access Bank Rwanda.

2. Literature Review

2.1 Credit Risk Modeling

Robert C. Merton developed the Merton model in 1974, which is a widely used credit risk model. The Credit Risk Modeling is a comprehensive and reliable default prediction framework that assesses a firm's credit status and financial well-being by examining several accounting ratios indicative of credit risk. Risk modeling involves analyzing past risk events and employing mathematical and statistical techniques to assess risk. Risk modeling allows firms across all industries to comprehend, control, and mitigate risks pertinent to their operations. In commercial and consumer finance, entities employ risk models to assess their potential loss from loan failure or prepayment. Credit risk modeling is essential for preserving profitability for lenders (Orlando *et al.*, 2022).

Credit risk modeling is an essential element of risk management inside financial institutions. It employs statistical and mathematical methods to evaluate and quantify the possible damages linked to defaulting borrowers or counterparty failures. Through the utilization of advanced models, financial organizations can render educated decisions, establish risk appetites, manage capital efficiently, and adhere to regulatory mandates. The main aim of credit risk modeling is to assess two essential parameters: the probability of default (PD) and the loss given default (LGD). Probability of Default (PD) indicates the chance of a borrower defaulting within a designated period, whereas Loss Given Default (LGD) quantifies the anticipated loss in the event of a default. These characteristics, in conjunction with the exposure at default (EAD) - the amount at risk upon default - provide the foundation of credit risk modeling (Jokhadze, 2018).

Credit Risk Modeling was essential to understanding and quantifying the credit risk associated with the bank's loan portfolio. It involved using statistical models and data analysis to predict the likelihood of borrower defaults, enabling Access Bank in Rwanda to make informed lending decisions. By effectively assessing and

managing credit risk, the bank set appropriate interest rates, established adequate provisions, and maintained sufficient capital barriers.

2.2 Empirical Review

Aris and Rahimi (2023) investigated the impact of loan portfolio diversification on the credit risk of commercial banks in Afghanistan from 2007 to 2019. Using annualized data, the research employed the least-squares regression method, with the Hirschman-Herfindahl index serving as the measure of diversification. Results aligned with traditional portfolio management theory, indicating that greater loan portfolio diversification significantly reduces credit risk. Additionally, the capital adequacy ratio supported the moral hazard hypothesis, showing that non-performing loans decrease when the proportion of shareholders' capital in a bank's total capital increases. The study concluded that Afghan commercial banks should enhance portfolio diversification and increase shareholders' equity in their funding sources to better manage credit portfolios and mitigate credit risks effectively.

Nyamai, Kariuki, and Suva (2023) investigated the impact of reorganizing loans on the financial performance of commercial banks in Kenya. The regression analysis results indicated that digital lending positively and significantly influenced financial performance ($\beta = 0.0822$, $p\text{-value} = 0.003$). Conversely, loan loss provision negatively affected banks' profitability, though this effect was not significant ($\beta = -0.0255$, $p\text{-value} = 0.301$). Additionally, business model adjustment had a positive yet non-significant impact on the financial performance of banks in Kenya ($\beta = 0.0915$, $p\text{-value} = 0.415$) during the study period. In light of these findings, commercial banks ought to leverage technology and invent additional digital products, particularly those that promote digital lending to augment their profitability. Banks must persist in providing for loan losses in accordance with International Financial Reporting Standards and use care on non-performing loans to ensure the viability of their operations.

Arifaj and Baruti (2023) analyzed the effect of credit risk on the profitability of financial institutions across seven Western Balkan states: Kosovo, Albania, North Macedonia, Serbia, Croatia, Montenegro, and Bosnia and Herzegovina. Data from 26 commercial banks covering 2010 to 2022 were used, focusing on state-owned, private, and multinational banks. Return on Assets (ROA) and Return on Equity (ROE) measured financial performance, while the percentage of bad loans represented credit risk. Findings revealed an inverse relationship between credit risk and profitability, with higher credit risk reducing ROA and ROE. The study emphasized the importance of effective credit risk management in improving financial performance, particularly through strategies for bad debt prevention. It concluded that banks must adopt modern credit risk

management practices to enhance profitability, recommending managers prioritize risk mitigation and debt investigation efforts to safeguard financial stability.

Angela *et al.* (2022) examined the influence of credit risk, namely non-performing loans, on the financial performance of commercial banks in Ghana. The findings from the random effects estimation method indicate that non-performing loans adversely affect both indicators of financial success. The monetary policy rate adversely affects both indicators of financial performance, although the influence on the economic value-added measure is negligible. The size of the bank, the age of the bank, and gross domestic product significantly positively influence both financial performance metrics, however the effect is notably substantial for return on assets. Given the adverse correlation between non-performing loans and financial performance, it is recommended that commercial banks implement rigorous credit risk management policies, which should be regularly revised to inform loan approval processes and credit risk monitoring.

Gichuki (2023) evaluated the correlation between collections policy and the financial performance of savings and credit cooperative societies in Nyeri Central Sub County. The research employed the Statistical Package for Social Sciences to provide descriptive and inferential statistics. The multiple regression study indicated that collections policy ($\beta=1.425$, $p=0.05$) was a statistically significant predictor of financial performance. The findings of the Pearson correlation study demonstrated a robust and statistically significant association between collections policy ($r=0.721$, $p=0.030$) and financial performance. A recommendation was made to strengthen the collections policy by adopting a stringent rather than lenient collections framework, in accordance with agency theory principles.

Uwashyaka and Njenga (2023) investigated the impact of loan recovery strategies on the financial performance of Umurenge Saving and Credit Cooperatives. It specifically identified the impact of fine techniques, unfavorable credit listing methods, and loan limit reduction strategies on the financial performance of Umurenge Saving and Credit Cooperatives in Gasabo District. The researcher determined that debt recovery methods enhance financial success. The paper advocates for improved resource mobilization via direct and indirect funding and suggests the establishment of effective systems for loan repayment and interest exculpation. Clients should be instructed on how to optimize their borrowed finances. Further research is required to ascertain whether Umurenge SACCOs have facilitated enhancements in their clients' enterprises.

3. Methodology

Research Design

This plan also specified how the study was carried out. This study used descriptive and correlational research design. Correlational design was utilized to examine the correlations between loan portfolio management techniques and financial performance, while descriptive research provided insight into the bank's actual loan management situation.

3.1 Population and Sampling

For the purposes of this study, the target population consisted of 258 employees of Access Bank Rwanda, selected from various relevant departments. Specifically, participants were selected from the Loan Officers, Finance and Administration, Portfolio Department, and Corporate Department.

The Slovin' formula was used in order to determine the appropriate sample size.

$$n = \frac{N}{1 + N(e)^2}$$

In this formula, n represents the size of the sample, N the number of participants, and e the margin of error (0.05).

$$n = \frac{258}{1 + 258(0.05)^2} = \frac{258}{1 + 0.645} = \frac{258}{1.645} = 157$$

This calculation compared to the previous equation gives a representative sample of 157 for the study.

Data Collection Instruments

The documentary technique is a method that involves systematic evaluation and analysis of recorded data within a methodical manner. For the purpose of gaining responses into historical patterns and current practices, the documentary approach involved evaluating data related to loan portfolio management and financial performance at Access Bank Rwanda.

To acquire quantifiable data from employees, this research used a questionnaire with closed-ended questions. This approach facilitated the collection of reliable information on participants' views regarding

loan portfolio management and its effect on the financial performance of Access Bank Rwanda.

Data Analysis

Data analysis is defined as the process by which the viewpoint of a participant is incorporated into a cohesive written product. This made it easier for scientists to conduct both theoretical and practical studies by providing them with tools. The statistical approach was thought of as a toolbox, used to quantify the outcomes of the study.

The study adopted both simple and multiple regression models. The simple regression analysis was to test individual hypotheses: H_{01} , H_{02} and H_{03} taking in form of:

$$Y = \alpha + \beta_1 X_1 + \epsilon \quad (H_{01})$$

$$Y = \alpha + \beta_2 X_2 + \epsilon \quad (H_{02})$$

$$Y = \alpha + \beta_3 X_3 + \epsilon \quad (H_{03})$$

The study employed the following multiple regression model:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$$

Where:

Y = Financial Performance of Access Bank

X1 = Loan Origination

X2 = Credit Risk Management

X3 = Loan Collection and Recovery

α = Constant Term

β = Beta Coefficient, indicating the change in the dependent variable for each standard deviation increase in the independent variable.

Ethical Considerations

All participants were fully informed of the study's objectives and provided voluntary consent before participating. Respondent selection was unbiased, excluding any discriminatory factors such as religion, gender, or race.

4. Results and Discussion

This section presents the findings of the study based on the data collected from the field. The analysis is centered on the overall objective of the study.

Table 1: Response Rate

Questionnaire	Frequency	Percent
Returned and complete	150	95.5
Incomplete	7	4.5
Total	157	100.00

Source: Research Findings (2024)

Table 1 presents response rate. Out of the 157 questionnaires distributed, 150 were completed and

returned, resulting in a response rate of approximately 95.5%. This high response rate indicates a strong level of

engagement among participants, suggesting that the questionnaire was effectively designed and relevant to the respondents. The fact that only 7 questionnaires were returned incomplete highlights that a significant majority were willing to provide comprehensive feedback, which enriches the quality of the collected data. The results demonstrate successful outreach to the target audience

and the effectiveness of the survey instrument in capturing valuable insights.

4.1 Loan origination and Financial Performance of Access Bank Rwanda

Table 2: Model Summary on Loan origination and Financial Performance of Access Bank Rwanda

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.741 ^a	.549	.546	.33815

a. Predictors: (Constant), Loan Origination

Source: Research Findings (2024)

The multiple regression analysis findings in Table 2 show an excellent model fit, with an R-value of 0.741 and a R Square value of 0.549, showing that loan origination accounts for 54.9% of the variation in Access Bank Rwanda's financial performance. The corrected R Square value of 0.546 shows a minor decrease owing to the addition of the predictor, but it still indicates an acceptable model fit.

The findings align with Nyamai, Kariuki, and Suva (2023), who stated that innovative lending practices,

such as digital lending, positively influence financial performance, while effective management of loan provisions ensures operational stability. Similarly, Access Bank Rwanda's results demonstrate that loan origination significantly affects financial performance, explaining notable variations. Both studies highlight the critical role of strategic lending practices and efficient loan management in enhancing financial outcomes and addressing performance challenges in the banking sector.

Table 3: ANOVA on Loan origination and Financial Performance of Access Bank Rwanda

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20.597	1	20.597	180.133	.000 ^b
	Residual	16.923	148	.114		
	Total	37.520	149			

a. Dependent Variable: Financial Performance

b. Predictors: (Constant), Loan Origination

Source: Research Findings (2024)

The Analysis of Variance (ANOVA) results presented in Table 3 indicate that the regression model is statistically significant, with an F-value of 180.133 and a p-value of 0.000 ($p < 0.05$). This result indicates that loan origination has a significant effect on the financial performance of Access Bank Rwanda.

The results supported by Emmanuel and Nadham (2022), who highlighted the significant role of credit information

bureaus in enhancing credit performance through accurate credit assessments. Their study emphasized that credit information sharing positively influences bank performance, aligning with the significant effect of loan origination practices on financial performance observed in the ANOVA results. Both analyses affirm the necessity of robust credit evaluation mechanisms to improve institutional profitability and minimize loan defaults.

Table 4: Coefficients on Loan origination and Financial Performance of Access Bank Rwanda

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.973	.212		4.581	.000
	Loan Origination	.738	.055	.741	13.421	.000

a. Dependent Variable: Financial Performance

Source: Research Findings (2024)

Table 4 presents the coefficients for the predictors in the regression model. The unstandardized coefficient shows that a unit increase in loan origination results in a 0.738 increase in financial performance ($p = 0.000$). The predictor is statistically significant, with a p-value below 0.05.

The regression equation is represented as:

$$Y = \beta_0 + \beta_1 X_1 + \varepsilon$$

By substituting the coefficients, it becomes:

$$Y = 0.973 + 0.738X_1 + \varepsilon$$

This indicates that improvements in loan origination positively enhance the financial performance of Access Bank Rwanda.

The findings align with Luu and Nguyen (2024), who identified credit appraisal as critical for enhancing loan performance. The regression analysis demonstrates that improvements in loan origination enhance financial performance. Luu and Nguyen (2024) emphasized

repayment ability as a key factor in loan outcomes. Both studies highlight the importance of effective loan evaluation processes in minimizing bad debts and improving institutional performance.

4.2 Credit Risk Management and Financial Performance of Access Bank Rwanda

Table 5: Model Summary on Credit risk management and Financial Performance of Access Bank Rwanda

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.749 ^a	.561	.558	.33364

a. Predictors: (Constant), Credit Risk Management

Source: Research Findings (2024)

Table 5 displays the results of the multiple regression analysis, which show a good model fit (R-value = 0.749, R Square = 0.561), implying that credit risk management accounts for 56.1% of the variance in Access Bank Rwanda's financial performance. An adjusted R Square value = 0.558 shows a small decrease due to the predictor's inclusion, but still shows a reasonable model fit.

The results were supported by Bishnu (2019), who found a significant correlation between credit risk factors such

as the capital adequacy ratio, non-performing loan ratio, and management quality ratio with financial performance. These findings align with the observed regression results from Access Bank Rwanda, where credit risk management explains a significant portion of the variance in financial performance. Both studies emphasize the importance of effective credit risk management in improving financial outcomes in banking institutions.

Table 6: ANOVA on Credit risk management and Financial Performance of Access Bank Rwanda

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.045	1	21.045	189.055	.000 ^b
	Residual	16.475	148	.111		
	Total	37.520	149			

a. Dependent Variable: Financial Performance

b. Predictors: (Constant), Credit Risk Management

Source: Research Findings (2024)

The Analysis of Variance (ANOVA) results presented in Table 6 demonstrate that the regression model is statistically significant, with an F-value of 189.055 and a p-value of 0.000 ($p < 0.05$). This indicates that credit risk management has a significant effect on the financial performance of Access Bank Rwanda.

The results supported by Nwude and Okeke (2018), who found that credit risk management positively and significantly influenced key financial performance

indicators such as loans and advances, return on assets, and return on equity in deposit money banks. These findings align with the statistical significance observed in the ANOVA results for Access Bank Rwanda, indicating that credit risk management plays a crucial role in influencing financial performance. Both studies emphasize the importance of effective credit risk management practices in enhancing financial outcomes in banking institutions.

Table 7: Coefficients on Credit risk management and Financial Performance of Access Bank Rwanda

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.006	.205		4.904	.000
	Credit Risk Management	.727	.053	.749	13.750	.000

a. Dependent Variable: Financial Performance

Source: Research Findings (2024)

Table 7 provides the coefficients for the predictors in the regression model. The unstandardized coefficient reveals that a unit increase in credit risk management results in a

0.727 increase in financial performance ($p = 0.000$). The predictor is statistically significant, with a p-value below 0.05.

The regression equation is represented as:

$$Y = \beta_0 + \beta_2 X_2 + \varepsilon$$

By substituting the coefficients, it becomes:

$$Y = 1.006 + 0.727X_2 + \varepsilon$$

This indicates that improvements in credit risk management positively enhance the financial performance of Access Bank Rwanda.

The results supported by Oduro, Asiedu, and Gamali (2019), who found that effective management of credit risk significantly influences the financial performance of

banks. Their study revealed that increased credit risk negatively affects corporate financial performance, reinforcing the findings from Access Bank Rwanda, where improvements in credit risk management positively impacted financial outcomes. Both studies highlight the crucial role of credit risk management in enhancing institutional stability and financial success.

4.3 Loan collection, recovery and Financial Performance of Access Bank Rwanda

Table 8: Model Summary on Loan collection, recovery and Financial Performance of Access Bank Rwanda

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.697 ^a	.485	.482	.36120

a. Predictors: (Constant), Loan Collection and Recovery

Source: Research Findings (2024)

The multiple regression analysis findings provided in Table 8 show a decent model fit, with an R-value of 0.697 and a R Square value of 0.485, indicating that loan collection and recovery account for 48.5% of the variation in Access Bank Rwanda's financial performance. The corrected R Square value of 0.482 shows a minor decrease owing to the addition of the predictor, but it still indicates an acceptable model fit.

The findings are consistent with Njoroge et al. (2022), who examined the impact of loan recovery and collection

strategies on repayment performance. Their study found that while certain strategies such as increasing collection of employees and using external debt collectors had positive effects, these impacts were not statistically significant. Similarly, the analysis from Access Bank Rwanda shows that loan collection and recovery contribute to financial performance, but the effect is moderate, aligning with the results that suggest the need for effective but carefully implemented strategies.

Table 9: ANOVA on Loan collection and recovery and Financial Performance of Access Bank Rwanda

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	18.211	1	18.211	139.591	.000 ^b
	Residual	19.309	148	.130		
	Total	37.520	149			

a. Dependent Variable: Financial Performance

b. Predictors: (Constant), Loan Collection and Recovery

Source: Research Findings (2024)

The Analysis of Variance (ANOVA) results presented in Table 9 demonstrate that the regression model is statistically significant, with an F-value of 139.591 and a p-value of 0.000 ($p < 0.05$). This indicates that loan collection and recovery significantly affect the financial performance of Access Bank Rwanda.

The findings are consistent with Masaku and Ibrahim (2024), who examined the impact of debt recovery

techniques on loan performance in deposit-taking MFIs. Their study identified significant positive effects of strategies like loan limit reduction, collection policies, and penalties on financial performance. Similarly, the ANOVA results for Access Bank Rwanda indicate that loan collection and recovery significantly affect financial performance, suggesting that effective debt recovery techniques are crucial for improving financial outcomes, just as noted in the MFIs study.

Table 10: Coefficients on Loan collection and recovery and Financial Performance of Access Bank Rwanda

Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	1.368	.208		6.581	.000
	Loan Collection and Recovery	.645	.055	.697	11.815	.000

a. Dependent Variable: Financial Performance

Source: Research Findings (2024)

Table 10 provides the coefficients for the predictors in the regression model. The unstandardized coefficient reveals that a unit increase in loan collection and recovery results in a 0.645-sound increase in financial performance ($p = 0.000$). The predictor is statistically significant, with a p-value below 0.05.

The regression equation is represented as:

$$Y = \beta_0 + \beta_3 X_3 + \varepsilon$$

By substituting the coefficients, it becomes:

$$Y = 1.368 + 0.645X_3 + \varepsilon$$

This indicates that improvements in loan collection and recovery positively enhance the financial performance of Access Bank Rwanda.

The findings are consistent with Uwashyaka and Gitahi (2023), who analyzed the effect of loan recovery techniques on the financial performance of Umurenge SACCOs. Their study found that loan recovery techniques, such as fines, adverse credit listing, and loan

limit reduction, had a positive but statistically insignificant impact on financial performance. Similarly, the regression analysis for Access Bank Rwanda shows that improvements in loan collection and recovery positively enhance financial performance, though the specific impact of certain techniques may vary across different financial institutions.

4.4 Multiple Regression Coefficients

The study sought to analyze the association between Loan Portfolio Management and Access Bank Rwanda's Financial Performance. The effect of Loan Origination, Credit Risk Management, and Loan Collection & Recovery on Financial Performance at Access Bank Rwanda was evaluated using regression analysis, with each variable serving as a predictor and financial performance as the outcome variable. Continuous data was created using summated scores on the relevant scales to assess these linkages and their influence on financial results.

Table 11: Multiple Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
1 (Constant)	.558	.202		2.765	.006
Loan Origination	.294	.087	.295	3.366	.001
Credit Risk Management	.334	.084	.344	3.974	.000
Loan Collection and Recovery	.220	.070	.238	3.142	.002

a. Dependent Variable: Financial Performance

Source: Research Findings (2024)

In Table 11, the constant term is reported as 0.558. This constant represents the estimated value of financial performance when all predictor variables (loan origination, credit risk management, and loan collection and recovery) are equal to zero.

The unstandardized coefficient for loan origination is 0.294, indicating that a one-unit increase in loan origination leads to a 0.294 increase in financial performance, assuming all other variables remain constant. The significance level for this coefficient ($\text{Sig.} = 0.001$) demonstrates a statistically significant relationship, highlighting the effect of loan origination on financial performance. The findings are consistent with Emilienne (2024), who examined the impact of loan origination on financial performance at I&M Bank Rwanda. Their study found that an effective loan origination process contributes to higher-quality loans and better financial outcomes. Similarly, the analysis from Access Bank Rwanda shows that improvements in loan origination contribute to enhanced financial performance, aligning with the results that loan origination practices positively impact financial outcomes.

For credit risk management, the unstandardized coefficient is 0.334, meaning that a one-unit increase in credit risk management results in a 0.334 increase in financial performance, with other factors held constant. The significance of this coefficient ($\text{Sig.} = 0.000$) indicates a statistically significant positive relationship with financial performance. The findings are consistent with Arifaj and Baruti (2023), who examined the effect of credit risk management on profitability in Western Balkan banks. Their study found that managing credit risk effectively helps reduce defaults and increases profitability. Similarly, the analysis from Access Bank Rwanda shows that credit risk management significantly enhances financial performance, aligning with the results that proper management of credit risk contributes to better financial stability.

The unstandardized coefficient for loan collection and recovery is 0.220, which means that a one-unit increase in loan collection and recovery results in a 0.220 increase in financial performance, assuming no changes to other factors. The significance of 0.002 indicates a statistically significant relationship, pointing to the effect of loan collection and recovery on financial performance. The findings are consistent with Nzayisenga (2017), who

examined the impact of mobile lending and loan collection strategies on the profitability of Kenyan financial institutions. Their study found that effective loan collection practices, particularly in mobile lending, significantly contribute to improved profitability. Similarly, the analysis from Access Bank Rwanda shows that improvements in loan collection and recovery positively affect financial performance, aligning with the results that efficient loan collection strategies enhance profitability.

These coefficients for loan origination, credit risk management, and loan collection and recovery highlight their role in improving financial performance at Access Bank Rwanda.

5. Conclusions and Recommendations

5.1 Conclusion

This study proves that loan origination is an influential factor that defines the overall performance of Access Bank Rwanda. Strategies in the generation of loans, therefore, enhance quality of the loan portfolio leading to improved financial performance. This shows that the bank needs to accelerate the enhancement of its loan origination so as to deliver sound financial performances.

The study also highlights the significance of credit risk management as an important determinant of financial performance. In other words, strong credit risk management measures will help Access Bank Rwanda controls credit risks and increase its profit levels. This proves that more efforts are needed in credit risk practices to ensure financial resilience is maintained in the future.

The results indicate that loan collection and recovery are crucial in the optimisation of the financial position of the banking industry. Effective management of loans collected does more than help the organization to recoup its losses in the short-term but also enhances the financial health of Access Bank Rwanda in alternative years. Therefore, making collection strategies top priority is a key to achieving the ultimate financial results and stability.

At a significance level of $p < 0.05$, all three hypotheses (H_{01} , H_{02} , and H_{03}) were rejected, indicating that loan origination, credit risk management, and loan collection and recovery significantly impact financial performance. The results highlight the importance of these factors in enhancing the bank's financial outcomes. Improved loan origination processes, effective credit risk management, and efficient loan collection and recovery practices are crucial for strengthening the bank's financial performance.

5.2 Recommendations

Access Bank Rwanda should invest in comprehensive training programs for loan officers to ensure they fully understand customer needs and the bank's lending criteria.

Access Bank Rwanda should launch educational programs for borrowers that clearly communicate the importance of maintaining good credit and repayment history.

For loan collection and recovery, the bank should strengthen its recovery mechanisms through regular follow-ups and better communication strategies with clients to improve repayment rates.

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