EFFECTS OF INTEREST RATES ON LOAN REPAYMENT IN MICROFINANCE INSTITUTIONS IN UGANDA.

A CASE OF CENTENARY BANK KOTIDO BRANCH

BY

PULKOL ANJELLO
1163 – 05014 – 08973

A RESEARCH REPORT SUBMITTED TO THE COLLEGE OF ECONOMICS AND MANAGEMENT IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF BACHELORS DEGREE IN BUSINESS ADMINISTRATION (ACCOUNTING AND FINANCE) OF KAMPALA INTERNATIONAL UNIVERSITY

OCTOBER, 2019
DECLARATION

I Pulkol Anjello declare that this research report is my original work and to the best of my knowledge, it has never been presented elsewhere in any university or institution of learning for approval.

Signed

PULKOL ANJELLO

1163 – 05014 – 08973

[STUDENT]

Date...30/10/2019...
APPROVAL

I, the undersigned certify that I have read and hereby recommend for acceptance by Kampala International University a research report entitled, effects of interest rates on loan repayment in microfinance institutions in Uganda, a case study of Centenary Bank Kotido Branch.

Signed .................................. Date ..................................

DR. ERIC MABONGA
[SUPERVISOR]
DEDICATION

To the almighty God, thank you for instilling wisdom and giving me a sense of direction and purpose throughout my entire life. To my parents I warmly appreciate you for your enormous contribution to my life including the academic one, this appreciation goes to my father and Mother most importantly for the prayers. Hon Late Logiel Annie for making me Join State House Scholarship. My brother Maruk Joseph for the continued support and mentorship, brothers, sisters and friends, May God Bless You.
ACKNOWLEDGEMENT

I wish to thank the almighty God for keeping me alive and providing me with the capacity and courage to go through the three year course successfully.

I appreciate the work done by my supervisor for all your guidance, knowledge, advice, and time you accorded to me during the completion of this research report.

Special thanks go to my brother; Maruk Joseph who determinedly and financially supported me throughout my academics.

Sincere thanks goes to my supervisor Dr. Mabonga Eric for his great support and guidance he has given me in completing the fifth chapters inside this research work, Sir, Thanks a lot.

And to my sisters for the polite spirit and the gallantly of mind, your love will forever be remembered by me. God bless you.

I am highly indebted to all my friends and course mates for the support and encouragement they gave me, thanks for being there for me.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>DECLARATION</td>
<td>1</td>
</tr>
<tr>
<td>APPROVAL</td>
<td>II</td>
</tr>
<tr>
<td>DEDICATION</td>
<td>III</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENT</td>
<td>IV</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>viii</td>
</tr>
<tr>
<td>CHAPTER ONE</td>
<td>1</td>
</tr>
<tr>
<td>INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>1.0 Introduction</td>
<td>1</td>
</tr>
<tr>
<td>1.1 Background to the Study</td>
<td>1</td>
</tr>
<tr>
<td>1.2 Statement of the Problem</td>
<td>2</td>
</tr>
<tr>
<td>1.3 Purpose of the study</td>
<td>3</td>
</tr>
<tr>
<td>1.4 Objectives of the study</td>
<td>3</td>
</tr>
<tr>
<td>1.5 Research Questions</td>
<td>3</td>
</tr>
<tr>
<td>1.6 Scope of the study</td>
<td>3</td>
</tr>
<tr>
<td>1.6.1 Geographical scope</td>
<td>3</td>
</tr>
<tr>
<td>1.6.2 Content scope</td>
<td>3</td>
</tr>
<tr>
<td>1.6.3 Time scope</td>
<td>3</td>
</tr>
<tr>
<td>1.7 Significance of the study</td>
<td>4</td>
</tr>
<tr>
<td>1.7.1 Academic Significance</td>
<td>4</td>
</tr>
<tr>
<td>1.7.2 Industry Significance</td>
<td>4</td>
</tr>
<tr>
<td>1.7.3 Policy Significance</td>
<td>4</td>
</tr>
<tr>
<td>CHAPTER TWO</td>
<td>6</td>
</tr>
<tr>
<td>LITERATURE REVIEW</td>
<td>6</td>
</tr>
<tr>
<td>2.0 Introduction</td>
<td>6</td>
</tr>
<tr>
<td>2.1.1 Levels of interest rates in centenary bank</td>
<td>6</td>
</tr>
<tr>
<td>2.1.2 The extent of loan repayment at centenary bank</td>
<td>10</td>
</tr>
<tr>
<td>2.1.3 Relationship between interest rate and loan repayment</td>
<td>15</td>
</tr>
<tr>
<td>CHAPTER THREE</td>
<td>19</td>
</tr>
<tr>
<td>RESEARCH METHODOLOGY</td>
<td>19</td>
</tr>
</tbody>
</table>
CHAPTER THREE

3.0 Introduction ........................................................................................................... 19
3.1 Research Design .................................................................................................... 19
3.2 Area of Study ......................................................................................................... 19
3.3 Study Population ................................................................................................... 19
3.3 Sampling Design and Sample Size ....................................................................... 20
  3.3.1 Sample Design .................................................................................................. 20
  3.3.2 Sample Size ...................................................................................................... 20
3.4 Data Sources .......................................................................................................... 20
  3.4.1 Primary Data .................................................................................................... 20
  3.4.2 Secondary Data ............................................................................................... 21
3.5 Data Collection Methods ....................................................................................... 21
  3.5.1 Key Informant Interviews ............................................................................... 21
  3.5.2 Sample survey .................................................................................................. 21
  3.5.3 Observation ...................................................................................................... 21
3.6 Data Collection tools ............................................................................................. 21
3.7 Measurements of Variables ................................................................................... 22
3.8 Validity and Reliability of Data ............................................................................. 22
3.9 Ethical Considerations ............................................................................................ 22
3.10 Data Process and Analysis .................................................................................... 22
3.11 Limitations of the Study ....................................................................................... 23

CHAPTER FOUR

PRESENTATION, INTERPRETATION AND ANALYSIS OF FINDINGS ................. 24
4.0 INTRODUCTION ..................................................................................................... 24
4.1 DEMOGRAPHIC CHARACTERISTICS ................................................................. 24
  4.1.1 GENDER OF RESPONDENTS ......................................................................... 24
  4.1.2 AGE OF RESPONDENTS ............................................................................... 25
  4.1.3 ACADEMIC QUALIFICATIONS OF RESPONDENTS .................................. 26
  4.1.4 MARITAL STATUS OF RESPONDENTS ......................................................... 26
  4.2 The levels of interest rates in Centenary Bank, Kotido Branch ......................... 27
  4.3 THE EXTENT OF LOAN REPAYMENT AT CENTENARY BANK, KOTIDO BRANCH ................................................................. 30
  4.4 THE RELATIONSHIP BETWEEN INTEREST RATE AND LOAN REPAYMENT 32
LIST OF TABLES

Table i: Showing Gender Of Respondents ................................................. 24
Table ii: Showing The Age Of Respondents .............................................. 25
Table iii: Showing Academic Qualifications Of The Respondents ............... 26
Table iv: Showing Marital Status Of The Respondents ............................... 26
Table v: Showing The Response On The Levels Of Interest Rates In Centenary Bank, Kotido Branch .......................................................... 27
Table vi: Showing Response To The Extent Of Loan Repayment At Centenary Bank, Kotido Branch ......................................................... 30
Table vii: Shows The Relationship Between The Study Variables ............... 32
LIST OF FIGURES

Figure i: Showing the gender of respondents ................................................................. 24

Figure ii: Age of Respondents .......................................................................................... 25

Figure iii: Showing the response to the levels of interest rates in Centenary Bank, Kotido Branch, showing those who Strongly agree and Agree in percentage ................................ 29

Figure iv: Showing the response to the extent of loan repayment at Centenary Bank, Kotido Branch showing those who Strongly agree and Agree in percentage ................................ 31
CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter focused on the background of the study, problem statement, and purpose of the research, research objectives, research question, hypothesis, and scope of the study, significance of the study, limitation to the study, conceptual framework, theoretical framework and operational definitions.

1.1 Background to the Study

Banking plays an important role in job creation. Banks fuel employment by providing credit and other financial services that help businesses set up, trade and expand - and by working with governments to remove barriers to economic activity. African commissioned this independent study to measure the role of Standard Chartered, and of banking more broadly, in generating trade, growth and jobs across Africa, and to find out what we can do better, according to Peter Sands Group Chief Executive Standard Charterer. As of 31 December 2012, Standard Chartered provided financing to businesses, consumers and government agencies within Sub-Saharan Africa (Berger, 2015).

Financial sectors are generally underdeveloped in Sub-Saharan Africa, with banking systems accounting for the preponderance of financial sector assets and activities. Helped by reform efforts the depth and coverage of financial systems as measured by the ratios of broad money and private sector credit to has been gradually increasing over the past decade, from a low base. But the scale of financial intermediation in the region remains significantly lower than in other developing regions of the world, while access to financial services is also relatively low, reflecting a combination of low income levels, small absolute size, and infrastructure weaknesses (Kasekende, 2010).

Interest Rate is defined as money borrower pays for the use of money they borrow from a lender financial institutions or fee paid on borrowed assets. In the same manner, Lloyd (2012)defined interest rates as the price paid for borrowing funds expressed as a percentage per year.

Interest rate plays an important function. It can considerably influence purchasing power of people. Therefore, as depositor it is essential to focus on these trends in interest rate because
the common trends in interest rate can have a major influence on savings of people. The major variation in these trends makes it essential to examine the existing investment opportunities and potential opportunities. The changes in interest rate have significant impact on commercial banks, therefore commercial banks charge large interest rates in order to accomplish the stability in the overall economy by managing foreign trade rates and by controlling the inflation, and thus they use interest rates as a tool. This is because the major part of commercial banks revenue comes from the difference in the interest late that it charges from and pays to customers.

1.2 Statement of the Problem

The banking industry is one of the most competitive and dynamic industries. Globally, most commercial banks make most of their proceeds from credit facilities. However, the economic conditions have highly and at times negatively impacted on the borrowing behavior of the public. Similarly, the challenges in Africa that commercial banks have been facing are not equally isolated. In East Africa for example; Kenya’s interest rate spread has been relatively higher than the average for Tanzania but lower than that of Uganda. This is because; Kenyan commercial banks charge higher interest rates to riskier borrowers in anticipation of defaults, and so interest rate therefore account for loan loss provisions in the decomposition. Interest rate also account for overhead costs, taxes, and required reserves, all the above are factors that contribute to higher spreads (Hamid, 2011). Thus, a wide deposit-lending interest rate spread could be indicative of banking sector inefficiency or a reflection of the level of financial development (Folawewo & Tennant 2008).

In Uganda, Kithinji and Waweru (2007) argued that banking problems began as early as 1986 culminating in major bank failures following the crises of 1986 to 1989, 1993/1994 and 1998; they attributed these crises to non-performing assets which is due to the interest rate spread. The above sentiments notwithstanding, there is still lack of empirical studies on determination of interest rate spreads with respect to African countries, particularly at the bank-level, given the fact that a number of African countries like Kenya are still grappling with the challenge of higher interest rate spreads. These debates and concerns could only be resolved through objective, quantitative analysis of the determinants of banking sector interest rate spreads in developing countries like Uganda (Hippolyte, 2005). This study aimed at filling this gap by establishing the determinants of interest rate spread among microfinance institutions in Uganda.
1.3 Purpose of the study

The main purpose of the study was to establish the effect of interest rate on loan repayment at Centenary Bank, Kotido Branch.

1.4 Objectives of the study

The objectives of the study are as below:

i) To examine the extent of loan repayment at centenary bank, Kotido Branch.
ii) To establish the relationship between interest rate and loan repayment at Centenary Bank.

1.5 Research Questions

The research was guided by the following objectives

i) What is the extent of loan repayment at centenary bank, Kotido Branch?
ii) What is the relationship between interest rate and loan repayment at Centenary Bank?

1.6 Scope of the study

The scope of the study was in terms of geography, content and time as explained below;

1.6.1 Geographical scope

The research was carried out in Kotido Hill Division located in Kotido Municipality which is in the heart of Kotido district, West Nile Region. Plot no 3 avenue road, Centenary is regarded as one of the cheapest banks, used by a quarter of the banked population - about 1.4m people. The bank holds customer days to get feedback from them on how it can improve its services.

1.6.2 Content scope

This study was limited to the determinants of interest rates in Centenary Bank, the extent of loan repayment at centenary bank, and the relationship between interest rate and loan repayment at Centenary Bank, Kotido Branch.

1.6.3 Time scope

The study was done in a time period of 3 months that is to say; August to November 2019. The study was carried out basing on the time period of two years, that is from February 2016 to December 2019 as a source of getting relevant information regarding the research topic from the field of study.
1.7 Significance of the study

1.7.1 Academic Significance

Like any other research, the findings will be used as a reference as far as further studies are concerned and spark off further research in relationship and transactions costs with specific interest in commercial banks.

It will enable the researcher to fulfill the partial requirements for the award of a Degree in Business Administration of Kampala International University.

The researcher will also be able to understand how the interest rates affect borrowing and how effective as an institution they can be in reducing exchange hazards, that is, opportunistic behavior of borrowers.

1.7.2 Industry Significance

Investment: the research will provide reference materials for investors willing to investment in banking business in Kotido region and Uganda at large. It will actively maintain various channels of communication to learn what we are doing well and where we need to improve.

It will identify other areas in the financial sector that require exploratory research in relation to interest rates and/or other areas in banking.

It will provide relevant information and knowledge that will help financial institutions identify factors that may affect rates on borrowing of commercial banks and obtain knowledge on binding and bonding social capital.

1.7.3 Policy Significance

It will explain why despite commercial banks' effect to revise interest rates, customers still face challenges in loan repayment. It will give government an insight on how to intervene to reconcile banks and their customers with an aim of giving way to increased loan accessibility by potential customers.

The fact that the study attempts to analyze the determinants of the effect of interest rate on borrowing in commercial banks in Uganda, with a view to identifying the role of credit risk in explaining the current state of interest rate spreads, is of great policy and empirical significance.
1.8 Conceptual framework

Independent variable

- Interest Rates
- Supply and demand
- Profitability and Efficiency
- Loan Amount
- Economy

Dependent variable

- Loan repayment
- Capacity to pay
- Payment history
- Outstanding debt

Source: Adopted from Ngugi (2011); modified by researcher, (2019)

Explanation of conceptual framework

The conceptual framework above shows the relationship between the variables and highlights the indicators for interest rate charges and number of loan applicants. The Conceptual framework is covered by independent variable (Interest Rates) which include loan amount, inflation, level of risks, loan period as well as demand and supply (Ngugi 2011), which are affected by dependent variable (loan repayment) like Capacity to pay, Outstanding debt, Hawtrey and Liang (2014).
CHAPTER TWO
LITERATURE REVIEW

2.0 Introduction

This chapter reviews related literature pertaining to the interest rates on borrowing by different scholars.

2.1 Review of related literature

2.1.1 Levels of interest rates in centenary bank.

Interest rates:
Saurina (2014) defines interest as the amount a borrower pays in addition to the principal of loan to compensate the lender for the use of the money while Interest rates are the expressions of interest as a percentage of the principal. Whereas interest rate is a rate which is charged or paid for the use of money, an interest rate is often expressed as an annual percentage of the principal. It is calculated by dividing the amount of interest by the amount of principal Baxley (2015). In general, interest rates rise in times of inflation, greater demand for credit, tight money supply, or due to higher reserve requirements for banks. A rise in interest rates for any reason tends to dampen business activity (because credit becomes more expensive) and the stock market (because investors can get better returns from bank deposits or newly issued bonds than from buying shares). Interest rate as being the rate of interest charged for the amount of money borrowed. Banks or lending institutions usually have general guidelines for the rates they intend to charge. Money borrowed on short term basis and long term basis have different rates and the difference between the amount borrowed and the additional amount of money returned is what determines the profit.

Why interest rates are put in place
According to Kithinji and Waweru (2013) interest can be thought of as "rent of money." Interest rate as a price of money reflects market information regarding expected change in the purchasing power of money or future inflation (Ngugi, 2011). The interest rate on loan rises to accommodate the increased risk associated with the loan. However, utilizing firm-level data of the Barbadian banking industry, it is observed that the smaller the loan's size, the greater the interest rate applied, and vice versa. Yet, using a fixed effect panel data framework, this article also shows that the interest rate differences among loan sizes can be mainly explained by the
borrower's characteristics for local banks while for foreign banks, its operating characteristics are the most important factors (Ngugi, 2011).

Interest rates are a major concern in the banking and lending industry in Uganda. Financial institutions have been accused of charging high interest rates and exploiting the consumers. This has led to government through the Ministry of Finance passing a Financial Institutions Act with an aim of protecting the consumers. The Act imposes interest rate ceilings on loan finance provided by money lending/financial institutions. These ceilings are proposed to be linked to the prime rate. Given this, it is not possible for them to charge full-cost recovery interest rates. This paper tries to highlight the effects of interest rate charged, on loan repayment. It argues that the biggest cost component of loaning financial institutions is administration costs and not the cost of capital, thus hiking the interest charged on loan to prime rate is illogic.

Dangers of having high interest rates

When interest rate rises up, businesses have to pay more for borrowing. In other words their cost of taking loan increases which decreases their profitability and due to decrease in profitability market price of their share also decline. Moreover, a rise in interest rate also decreases the worth of corporate bond. The interest rate that a bond pays to its holder is not much attractive due to high interest rate (Accaglobal.com). For borrowing and saving there are various types of interest rates that bank offers. To set the rate of interest that influence the lively of financial system, central bank plays a significant role. The central bank executes that job by controlling the loan rate for interbank. Because it considerably influences the interest rates for loan and savings that commercial banks offer (Mannasoo, 2012).

The main source of commercial bank's income is the interest income by interest rate which is to some extent below or above the inter-bank loan rate. Typically, central bank boosts up the rate of interest for many causes that may or may not correct the intended issue. Inflation is from one of them. Rising interest rate encourages the people to keep their funds with bank by offering hand sum saving interest income. Rising interest rate and over spending cause stress on inflation. While on the other hand, when interest rate goes up make borrowing more expensive which results into fall in mortgage and investment.

Ultimately, it influences the currency revaluation to increase the value of money. Moreover, improved rate of interest may enhance the demand of Government Issue bond (Kimberly Amadeo, 2012).
Therefore the various factors that determine the level of interest rates in commercial banks in Uganda are;

- **Inflation:**
  *Inflation* refers to the rate at which the general level of prices for goods and services is rising, and, consequently, the purchasing power of currency is falling. Central banks attempt to limit inflation, and avoid deflation, in order to keep the economy running smoothly or its is a general increase in prices and fall in the purchasing value of money. The rate of inflation is another important factor that governs interest rates on borrowing in commercial banks. The lenders prefer lending at interest rates that are higher than the rate of inflation. Otherwise, they will post a negative growth in absolute terms. Therefore, a rise in the rate of inflation signals a higher interest rate regime. On the other hand, a drop in the rate of inflation indicates a softer interest rate regime. Over time, as the cost of products and services increase, the value for money decreases. Consumers will therefore have to spend more money for the same product or services which had cost less in the previous year. As for finance lending sector, borrowers may find it is attractive to borrow now but less attractive to lender (Piazza 2007). The value for money now has fallen as compared to the time when they lent their money. In order to compensate this loss, lenders have to increase the interest rate, falling in value and they are easily converted into other goods.

- **Supply and Demand**
  Supply, refers to an amount of something that is provided or available to be used, while demand refers to the desire backed by ability and willingness to acquire something by someone. Interest rate levels are a factor of the supply and demand of credit: an increase in the demand for credit will raise interest rates, while a decrease in the demand for credit will decrease them. Conversely, an increase in the supply of credit will reduce interest rates while a decrease in the supply of credit will increase them. The supply of credit is increased by an increase in the amount of money made available to borrowers. For example, when you open a bank account, you are actually lending money to the bank. Depending on the kind of account you open (a certificate of deposit will render a higher interest rate than a checking account, with which you have the ability to access the funds at any time), the bank can use that money for its business and investment activities. In other words, the bank can lend out that money to other customers. The more banks can lend, the more credit is
available to the economy. And as the supply of credit increases, the price of borrowing (interest) decreases (Petersen, 2010).

- **Profitability and efficiency:**
  Upton and Wheelwright. Wiley, (2009), defines Profitability as the ability of a business to earn a profit. A profit is what is left of the revenue a business generates after it pays all expenses directly related to the generation of the revenue, such as producing a product, and other expenses related to the conduct of the business activities: The state or condition of yielding a financial profit or gain. It is often measured by price to earnings ratio profitability.

According to Hilda (2011), Banks’ profitability and efficiency are often considered as the main factors that influence interest rates and interest rate spreads. The continuous trend of expanding bank activities in recent years, as well as the reallocation of low-interest-bearing assets into high-interest-bearing assets, had a direct positive impact on the improvement of banks’ profitability and efficiency. However, the trend of continuous improvement in banks’ profitability and efficiency was interrupted in 2008, when profits were 6.6% lower than in 2007. In addition, banks' profits were four times lower in the first half of 2009 compared to the same period in 2008. (Shijaku, Hilda and Kliti Ceca. 2011).

- **Loan amount**
  A loan is defined as the act of giving money, property or other material goods to a party in exchange for future repayment of the principal amount along with interest or other finance charges. (Guttentag, Jack. 2010). A loan may be for a specific, one-time amount or can be available as open-ended credit up to a specified ceiling amount.

  Baxley (2013) noted that a loan is the money borrowed by a client from the bank and it is the principal business activity for most commercial banks. The loan portfolio is typically the largest asset and the predominate source of revenue.

  As such, it is one of the greatest sources of risk to a bank’s safety and soundness. Whether due to lax credit standards, poor portfolio risk management, or weakness in the economy, loan portfolio problems have historically been the major cause of bank losses and failures. Effective management of the loan portfolio and the credit function is fundamental to a bank’s safety and soundness. Piana (2012) states that the interest rate is the profit over time due to financial instruments. In a loan structure whatsoever, the interest rate is the difference (in percentage)
between money paid back and money got earlier, keeping into account the amount of time that elapsed.

- **Economy**

According to Perry and Romney, T, 2011, an economy is an area of the production, distribution, or trade, and consumption of goods and services by different agents in a given geographical location. Understood in its broadest sense, 'The economic is defined as a social domain that emphasizes the practices, discourses, and material expressions associated with the production, use and management of resources'. Economic agents can be individuals, businesses, organizations, or governments. Therefore, the general conditions are among the prime factors that influence the movement of interest rates. In a growing economy like Uganda, people have secure sources of earnings and hence high confidence levels to borrow and buy. For example; people go in for a house, a car, consumer appliances, etc. This increases the demand for funds. Hence, it influences the rate of interest in an upward direction. In a necessary economic condition or slowdown, the interest rates tend to go down due to the opposite happening.

2.1.2 The extent of loan repayment at centenary bank

**Loan borrowing:** A loan is the act of giving money, property or other material goods to a party in exchange for future repayment of the principal amount along with interest or other finance charges. A loan may be for a specific, one-time amount or can be available as open-ended credit up to a specified ceiling amount (Kwangwoon, 2010).

Lending is the principal business activity for most commercial banks. The loan portfolio is typically the largest asset and the predominate source of revenue. As such, it is one of the greatest sources of risk to a bank’s safety and soundness. The level of interest risk attributed to the bank’s lending activities depends on the composition of its loan portfolio and the degree to which the terms of its loans (maturity, rate structure, and embedded options) expose the bank’s revenue stream to changes in rates (Pennacchi 2011).

**Johnson, S (2013) proposed that loans such as** payday loans and money advances can greatly help the public to tide over their bills before payday so as to increase on their monthly budget. Due to the financial crisis, the cash crunch has become real for many people in the world today. Barajas, A, & Salazar, N.(2012). Payday loan usage has soared as the key way to help people sort out a few payments while they are waiting for their pay to come through though, relying
on loans every month is not a good idea and payday loans and money advances should only be used in the short-term when a pressing financial need comes up.

According to Arano, K (2009), the public borrows loans in order to purchase motor vehicles since the motor industry is known for the sky high prices of cars as well as the car finance industry. If someone needs a car but you don't have the cash on hand to buy a car, you can apply for a car finance loan. These tend to come from car finance companies. Car finance loans are expensive though so it is important to be in full-time and steady employment before you apply for a loan.

Since getting a mortgage is one of the most life changing moments in someone's life, the public borrows loans in order to be able to buy a house. The ability to get on the property ladder is something that many Brits aspire to. If you want to buy a home, your best bet is to improve your personal finances and apply for a mortgage with a bank or building society that understands your needs well (Bazibu, M. 2009). You also need to save for a deposit which can take time, so it is important to start managing your credit profile well.

Personal loans used to be popular options for people who wanted to do extensions on their homes or renovations. Personal loans can be used for any personal reason as long as your lender approves of that.

Mojon, B. (2011) proposed that it can be hard to resist the temptation of getting your children something that they have wanted for a long time. The ideal way of doing this is by saving money yourself so that you can splash out on fab presents for Christmas for example, for your children. For other people who are crunched by cash, a small loan that is repaid on payday is an option or a cash advance.

One of the most controversial sides of credit and loans is the fact that many people have taken out loans to finance the period. A study from the Money Advice Trust found that one in eight Britons struggle with spending after the Christmas period (Otuori, O.H., 2013). The temptation to spend is everywhere from festive drinking and buying gifts from friends and family. You should try and save for Christmas gifts and Christmas spending to avoid snowballing into debt.

According to Arano, K., & Emily, B. (2009), Family and friends are two of the most common sources of cash for many people especially when times are hard. When you borrow money from a family member or a friend, you instantly change the dynamic of a relationship especially
if you find that you cannot repay the money back on time. This is another key reason why many people turn to loans and credit to help them out with their financial problems instead of asking to borrow money from family and friends. Ultimately, borrowing from a responsible lender is better than putting your relationships with family and friends under strain.

The Measures of loan repayment include the following:

- **Capacity to pay:**
  This refers to Borrower's ability to service a loan from his or her disposable income or cash flow, or the taxpayer's ability to pay the tax. Called 'capacity' in banking, it is a critical factor in obtaining a loan or it's a borrower's capacity to make good on his loan obligations. In banking, ability to pay is often called “financial capacity.” Thus, when considering a loan, a banker will first and foremost consider the borrower’s ability to pay, which can be viewed as the financial capacity of the borrower to service his existing debts.

Borrowing capacity is dependent upon several factors including the amount of qualifying collateral available to secure borrowings, the adequacy of your capital structure and management’s capacity and willingness to purchase additional Federal Home Loan city. (Federal home loan bank of New York, 2015)

Financial capacity can be demonstrated by an employment history that shows a steady stream of earnings, an investment that produces a steady stream of income, or a pool of highly liquid and available assets that can be liquidated as needed. Banks and other lenders evaluate an individual's ability to pay when considering a loan application. An individual whom a lender deems as having a greater ability to pay will be considered a better, less risky loan candidate than someone with a lower ability to pay.

- **Payment history**
  This is record of monthly payment status on individual's report listed since the time the accounts were established. A payment history is an indication for lenders and creditors whether an individual is a lending risk due to a history of late or missed payments( Ellis Blake, CNN: Aug 2013)

It is also a record of a borrower's responsible repayment of debts. A credit report is a record of the borrower's credit history from a number of sources, including banks, credit card companies, collection agencies, and governments. A borrower's credit score is the result of a mathematical
algorithm applied to a credit report and other sources of information to predict future delinquency.

Your credit history is a detailed account of all your past borrowing, compiled by credit ratings agencies. These agencies gather information from various places, including your payment history, credit limits, high and low bank balances, how much of your available credit you use and even changes in your address and work history. This information is used to create your credit rating.

When you borrow money, lenders will look at your credit rating to determine the risks involved in lending to you. So when you make an application for a loan, for example, lenders can make an informed decision on whether or not to grant credit, or what interest rate to set, based on how you have handled credit in the past. Different lenders will use different criteria to determine your score, however, so they won't all look at the same aspects of your history.

In many countries, when a customer fills out an application for credit from a bank, credit card Company, or a store, their information is forwarded to a credit bureau. The credit bureau matches the name, address and other identifying information on the credit applicant with information retained by the bureau in its files. The gathered records are then used by lenders to determine an individual's credit worthiness; that is, determining an individual's ability and track record of repaying a debt. The willingness to repay a debt is indicated by how timely past payments have been made to other lenders. Lenders like to see consumer debt obligations paid regularly and on time, and therefore focus particularly on missed payments and may not, for example, consider an overpayment as an offset for a missed payment.

- **Types of credit in use:**

According to Finlay, S. (2009), Credit is the trust which allows one party to provide money or resources to another party where that second party does not reimburse the first party immediately (thereby generating a debt), but instead arranges either to repay or return those resources (or other materials of equal value) at a later date. The resources provided may be financial (e.g. granting a loan), or they may consist of goods or services (e.g. consumer credit). Credit encompasses any form of deferred payment. Credit is extended by a creditor, also known as a lender, to a debtor, also known as a borrower.

The Movements of financial capital are normally dependent on either credit in use or centenary transfers. Credit is in turn dependent on the reputation or creditworthiness of the entity which
takes responsibility for the funds and the Decisions about credit and loans involve lots of factors, including how much money you need, what terms you’re offered, and who is behind the offer. If you are choosing a credit card or wondering whether offers of credit and loans are on the up and up, these tips can help (Logemann, Jan, ed, 2012).

Credit is also traded in financial markets. The purest form is the credit default swap market, which is essentially a traded market in credit insurance. A credit default swap represents the price at which two parties exchange this risk: the protection seller takes the risk of default of the credit in return for a payment, commonly denoted in basis points of the notional amount to be referenced, while the protection buyer pays this premium and in the case of default of the underlying (a loan, bond or other receivable), delivers this receivable to the protection seller and receives from the seller the paramount (New York: Palgrave Macmillan, 2012).

• Outstanding debt:
According to Chatterjee, (2012), an outstanding debt is the total amount of debt and obligations on a company’s balance sheet that remains unpaid including short term liabilities, outstanding payables, and accrued interest. It also refers to an Unpaid portion of a debt that may include interest accrued on the balance or a Debt that has not yet been repaid in full.

The problems with outstanding debts can arise when; Banks create new money when people go into debt in a sense that when you take out a loan, new money is created. As people borrow more, more new money comes into the economy, For every pound of money, there’s a pound of debt which is because banks create money when people borrow, for every pound of money in the economy there will be a pound of debt, If we need to get more money into the economy — for example, during a recession then we have to go further into debt to the banks and also If we try to pay off debt, then money disappears like When you pay down your debts, the money that leaves your bank account doesn’t go to anyone else — it just disappears. Graeber, David (July 2011. This is because loan repayments are just the opposite process to money creation: banks create money when they make new loans, and effectively ‘destroy’ money when they repay loans.

So when lots of people try to pay down their debts at the same time, money disappears from the economy. As a result of there being less money and less new lending spending slows down. When this happens, it’s like draining the oil from the engine of a car: pretty soon, everything stops working. This means that it’s almost impossible to reduce our debts without causing a
recession. And you personally can only pay off your debts using money that was created when someone else went into debt. This creates a debt trap, where over time the level of personal debt in the economy has to keep growing (Fitch; et al. 2011)

2.1.3 Relationship between interest rate and loan repayment

Interest is charged by lenders as compensation for the loss of the asset's use. In the case of lending money, the lender could have invested the funds instead of lending them out. With lending a large asset, the lender may have been able to generate income from the asset should they have decided to use it themselves. When the borrower is a low-risk party, they will usually be charged a low interest rate thus low will be the profits; if the borrower is considered high risk, the interest rate that they are charged will be higher. CGAP/ World Bank (2009).

Interest payments on credit cards and loans are more expensive. Therefore this discourages people from borrowing and saving leading to low profitability in banking industry. People who already have loans will have less disposable income because they spend more on interest payments. Therefore other areas of consumption will fall. On the other hand Lower interest rates make it easier for people to borrow in order to buy cars and homes thus calling for higher profits. Purchases of homes, in turn, increase the demand for other items, such as furniture and appliances, thus providing an additional boost to the economy (Fofack, Hippolyte (2011).

Lower interest rates mean that consumers spend less on interest costs, leaving them with more of their income to spend on goods and services. Lower interest rates make it easier for farmers, manufacturers, and other businesses to borrow to invest in equipment, inventories, and buildings. Also, the returns that investments will produce in future years are worth more today when rates are low than when rates are high. That gives business more of an incentive to invest when rates are low. Increased business investment, in turn, makes the economy grow faster, as productivity, or output per worker, increases faster (Mbanga J 2009).

Interest rates do not seem to affect the amount that people save. That’s because higher interest rates have two conflicting effects on how much people save (Nakeba A 2010). First, the higher return that savings can earn gives people an incentive to save more. Second, however, the higher return makes savers feel richer, so they may spend more, rather than save more. Increase in mortgage interest payments. Related to the first point is the fact that interest payments on variable mortgages will increase. This will have a big impact on consumer spending. This is
because a 0.5% increase in interest rates can increase the cost of a £100,000 mortgage by £60 per month. This is a significant impact on personal disposable income.

Higher interest rates increases the value of US dollar (due to hot money flows. Investors are more likely to save in British banks if UK rates are higher than other countries) A stronger Pound makes UK exports less competitive - reducing exports and increasing imports (Inderst 2006). This has the effect of reducing Aggregate demand in the economy. In addition Interest rates can affect the value of the dollar versus that of other countries' currencies.

All other things held constant, when real (inflation-adjusted) interest rates are higher in the United States than in other countries, foreigners want to invest their funds here in order to earn a high return. The resulting increase in the demand for the dollar pushes up the value of the dollar. The opposite can happen when U.S. interest rates are low (Nakeba A. 2010).

Rising interest rates affect both consumers and firms. Therefore the economy is likely to experience falls in consumption and investment. Government debt interest payments increase. Higher interest rates increase the cost of government interest payments especially when there is too much national debt. This could lead to higher taxes in the future. Reduced Confidence. Interest rates have an effect on consumer and business confidence. A rise in interest rates discourages investment; it makes firms and consumers less willing to take out risky investments and purchases (Pasha S. 2010).

The level of interest rates has a direct effect on a consumer's ability to repay a loan. For example, Thordsen and Nathan (2009), assert that when interest rates are low, people are willing to borrow because they find it relatively easy to repay their debt. When interest rates are high, people are reluctant to borrow because repayments on loans cost more. Some consumers may even find it difficult to meet their existing loan repayments, especially if interest rates increase faster than the rise in a consumer's income. If interest rates rise sharply and stay high for a long period, some consumers will default on their loans thus lowering the profits. When the Government regulates the working of the market, supply and demand cannot interact freely to find the equilibrium quantity and price. When there is an artificial ceiling the allocation of resources is distorted if the equilibrium price is above the ceiling. The consequence is people who want finance, but due to their circumstances do not qualify at the ceiling interest rate are denied access. As this large segment of the market cannot access funds in the formal economy they have to resort to the informal economy. By limiting the interest rate chargeable, the government may force many actors in this sector out of business existence.
By placing a ceiling on the interest rate, but not providing an alternative means of finance, the government effectively excludes the people they were trying to protect. And, since interest rates are not allowed to rise above a given price, there are no incentives to expand the quantity of loans offered and this will create a shortage. Basically this will encourage people to consume more of the service than if the market price were charged. One of the key factors influencing the lack of supply of credit to small enterprises is the non-recoverability of costs. Charging a rate of interest on loan is the main source of income for almost all financial institutions in the banking industry. It is the only way by which they can recover their costs—financial, operating and risk. The components of an interest rate in most loans includes, Cost of capital, Sufficient return to cover the risk of loan loss or bad debt, Operating costs and A profit margin (Khamraj T. 2010).

Given these, the banking or lending institutions can only survive by fully recovering all the costs of the first three components, and grow if they can also receive the last component. Rising interest rates affect both consumers and firms. Therefore the economy is likely to experience falls in consumption and investment. Government debt interest payments increase. Higher interest rates increase the cost of government interest payments especially when there is too much national debt. This could lead to higher taxes in the future.

Reduced Confidence. Interest rates have an effect on consumer and business confidence. A rise in interest rates discourages investment; it makes firms and consumers less willing to take out risky investments and purchases (Mutebile T. E 2009). The level of interest rates has a direct effect on a consumer's ability to repay a loan. For example, Thorsden and Nathan (2009), assert that when interest rates are low, people are willing to borrow because they find it relatively easy to repay their debt. When interest rates are high, people are reluctant to borrow because repayments on loans cost more. Some consumers may even find it difficult to meet their existing loan repayments, especially if interest rates increase faster than the rise in a consumer's income. If interest rates rise sharply and stay high for a long period, some consumers will default on their loans (Geske, 2012).

When the Government regulates the working of the market, supply and demand cannot interact freely to find the equilibrium quantity and price. When there is an artificial ceiling the allocation of resources is distorted if the equilibrium price is above the ceiling. The consequence is people who want finance, but due to their circumstances do not qualify at the
ceiling interest rate are denied access. As this large segment of the market cannot access funds in the formal economy they have to resort to the informal economy (Sheehan, 2011).

By limiting the interest rate chargeable, the government may force many actors in this sector out of business existence. By placing a ceiling on the interest rate, but not providing an alternative means of finance, the government effectively excludes the people they were trying to protect. And, since interest rates are not allowed to rise above a given price, there are no incentives to expand the quantity of loans offered and this will create a shortage. (Nakeba A 2010).

Basically this will encourage people to consume more of the service than if the market price were charged. One of the key factors influencing the lack of supply of credit to small enterprises is the non-recoverability of costs. Charging a rate of interest on loan is the main source of income for almost all financial institutions in the banking industry. It is the only way by which they can recover their costs – financial, operating and risk. The components of an interest rate in most loans includes, Cost of capital, Sufficient return to cover the risk of loan loss or bad debt, Operating costs and A profit margin (Mutebile T. E 2009).

Given these, the banking or lending institutions can only survive by fully recovering all the costs of the first three components, and grow if they can also receive the last component. Expensive interests: Interest payments on credit cards and loans are more expensive, and thus this discourages people from borrowing and saving. People who already have loans will have less disposable income because they spend more on interest payments. There fore, other areas of consumption will fall. On the other hand. Lower interest rates make it easier for people to borrow in order to buy cars and homes. Purchases of homes, in turn, increase the demand for other items, such as furniture and appliances, thus providing an additional boost to the economy (Idaan, O 2012).
CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

This chapter presents the research design, study population, sample size and sample design, data sources, data collection Instruments, measurement of variables, validity and reliability of the research instruments, data process and analysis, ethical considerations as well as the limitations of the study.

3.1 Research Design

The study design was in a descriptive case design, using both quantitative and qualitative approaches. The design was chosen because it is flexible in both quantitative and qualitative data collection. Quantitative data analysis was used to describe the statistics of the scores using indices while the qualitative approach described the current situation and investigated the associations between the study variables using information gained from the questionnaires.

3.2 Area of Study

The study was conducted at Centenary Bank-Kotido Branch, which is located in Kotido Hill, Kotido Municipality which is in the heart of Kotido district, West Nile Region. Plot no 3 avenue road, Centenary is regarded one of the cheapest banks, used by a quarter of the banked population - about 1.4m people. The bank holds customer days to get feedback from them on how it can improve its services.

3.3 Study Population

The study targeted staff employees of different departments in Centenary Bank, Kotido branch ranging from; IT department, finance department, executive, audit, credit, liabilities, human resource and customers of the bank since they had key information pertaining to the variables of the study and all these summed to a population of 60 respondents which was derived using the table for determining sample size by Krejcie and Morgan (1970).
3.3 Sampling Design and Sample Size

3.3.1 Sample Design

The researcher adopted stratified random sampling whereby the departments in Centenary Bank, Kotido branch constituted the strata from each stratum, simple random sampling technique was used so as to enable the employees under each department to have equal representation and therefore avoiding bias. This enabled the researcher to come up with findings that are reliable and valid.

3.3.2 Sample Size

From different selected departments of Centenary Bank- Kotido Branch (Uganda), 60 respondents were interviewed and were categorized in different departments.

Table 1: Distribution of respondents according to their department

<table>
<thead>
<tr>
<th>Category of Respondents</th>
<th>No of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>IT Department</td>
<td>3</td>
</tr>
<tr>
<td>Finance Department</td>
<td>3</td>
</tr>
<tr>
<td>Executive</td>
<td>1</td>
</tr>
<tr>
<td>Audit</td>
<td>1</td>
</tr>
<tr>
<td>Credit</td>
<td>6</td>
</tr>
<tr>
<td>Liabilities</td>
<td>9</td>
</tr>
<tr>
<td>Human Resource</td>
<td>11</td>
</tr>
<tr>
<td>Customers</td>
<td>26</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>60</strong></td>
</tr>
</tbody>
</table>

Source: primary data, 2019

3.4 Data Sources

Both primary and secondary data sources were used by the researcher in the study.

3.4.1 Primary Data

For the purposes of this research, primary data was collected by use of questionnaires and interviews. The questionnaires were distributed to staffs of the Centenary Bank (Uganda), Kotido Branch to weigh the different views of each department studied in the research. The main concern of a researcher was to ensure that the results of the research are accurate and applicable.
3.4.2 Secondary Data

Secondary data was sourced from a review of related literature from academic journals, Annual financial reports of Centenary Bank (Uganda), Business journals, newsletters, and surveys from the Bank of Uganda as well as the internet.

3.5 Data Collection Methods

3.5.1 Key Informant Interviews

These involved the use of an interview guide which was conducted face to face with respondents. Formal interviews were particularly helpful because they helped the researcher to be systematic and get expert knowledge and opinion in the process of data collection. Key informant interviews also helped the researcher explain and prove aspects that were unclear and not easy to understand.

3.5.2 Sample survey

The study had both structured and unstructured questions so as to ascertain the validity and reliability by permitting the collection of preconceived responses but also responses that were subject to nuances. The questionnaires were designed in such a way that they captured both qualitative and quantitative data.

3.5.3 Observation

In this study observation cut across all the processes of data collection. It involved viewing the workplace environment, documentation, infrastructural set up, respondent’s faces and people’s attitude during the study which amounted to large amount of data.

3.6 Data Collection tools

During the process of data collection, the researcher employed a variety of tools and these varied depending on the category of respondents. The researcher employed key informant interviews, questionnaires, individual in-depth interviews, documentary reviews and observation methods.
3.7 Measurements of Variables

The independent variable for this study was bank interest rates while profitability of centenary banks served as the dependent variable. The scales of both bank interest rates and profitability of the banking industry were measured on a 5-point scale such as 1-Strongly Agree, 2-Agree, 3-Not sure, 4-Disagree, 5-Strongly disagree respectively (Saunders, M., Lewis, P. and Thornhill, A. 2009).

3.8 Validity and Reliability of Data

For reliability of the questionnaire, the researcher used experienced academicians to review the questions and categories listed in the original questionnaire and interview. In addition a Cronbach’s $a$ was used to test the internal consistency for all items under respective variables. Hair et al. (2006) suggested that Cronbach’s $a$ coefficient over 0.6 is adequate for basic research. To ensure the perfection of the study tool, a pilot study was also conducted.

To assure validity, questionnaires were designed on the basis of previous studies’ Questionnaires and review of related literatures. Furthermore, the questionnaire that were used in this study were given to independent experts in consultation with a statistician to evaluate it for content validity as well as for conceptual clarity and investigative bias.

3.9 Ethical Considerations

The researcher acted responsibly according to ethical standards to ensure that the information gathered would not bring disrepute. The researcher also ensured that all respondents had a right to privacy, to safety and that they knew the true purpose of the research and most important of all, the researcher gave them the liberty to abstain from answering questions where they felt uncomfortable with the study. The researcher also respected the respondents and the information that they provided was highly confidential and non-discriminatory measures were undertaken.

3.10 Data Process and Analysis

Data analysis was made through a combination of both descriptive and inferential statistics. Data collected was edited then coded, tabulated and transformed into frequencies and percentages. This was carried out to ensure that the data from the respondents is accurate, complete, reliable and consistent. This data was computed in frequency tables and percentages which were used to test the research questions. The research was compiled using statistical
tables in frequency form and an interpretation was presented in a detailed format through explanatory notes, quotations and the use of Frequency tables. Descriptive statistics were used to provide details of the effects of interest rates on borrowing in commercial banks, whereby the statistical package for (SPSS) version 22.0 was used for the data processing.

All the questionnaires from the respondents were properly and carefully scrutinized so as to check on the omissions, completeness and inconsistencies upon which coding was done. Both primary and secondary sources of data were analyzed using both qualitative and Quantitative methods.

3.11 Limitations of the Study

(i) Some respondents especially some staff were so busy, and filled the questionnaires in a hurry without really reading and understanding the questions. The researcher however made several efforts to avoid distributing questionnaires or holding interviews during rush hours.

(ii) Some respondents found the questionnaire hard to understand thus the researcher took more time to explain and interpret it to them where necessary.

(iii) There was also unwillingness to complete questionnaires by respondents as some saw the exercise unbeneﬁcial to them. However, the researcher tried to persuade them that the study is for academic good.

(iv) The inaccessibility of conﬁdential information from centenary bank was a key challenge in primary data collection.

(v) Different academics and policy makers had researched the areas of banking institutions in Uganda. This has created apathy by operators who are uncooperative because they view the research as an unproductive use of their time and with no serious positive impact to their ventures. This had a big impact on the results.

(vi) Further methodological limitations were experienced in this study, as the responses had some errors.

(vii) The management policies of centenary bank did not permit the researcher to divulge some of the data about their businesses performance.
CHAPTER FOUR
PRESENTATION, INTERPRETATION AND ANALYSIS OF FINDINGS

4.0 Introduction
This chapter comprises of the findings that were gathered by the researcher from Centenary Bank, Kotido Branch, in relation to the topic; effects of interest rates on Loan Repayment in Microfinance Institutions in Uganda. The data is presented and interpreted in view of the objectives mentioned in chapter one of this research. The interpretation also seeks to answer the research questions that were raised in chapter one. Presentation and interpretation of data in this chapter has been done with the aid of quantitative and qualitative methods for example the use of tables, graphs, percentages and personal analysis and interpretation presented in essay form. Questionnaires were provided to 60 respondents who filled them to the best of their knowledge.

4.1 Demographic Characteristics
4.1.1 Gender of respondents

Table i: Showing Gender of respondents

<table>
<thead>
<tr>
<th>Respondents</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>40</td>
<td>67</td>
</tr>
<tr>
<td>Female</td>
<td>20</td>
<td>33</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: primary data, 2018

Figure i: Showing the gender of respondents

Source: Primary Data, 2018
This was followed by respondents who fall in the age bracket of 20-29 with 40% of total respondents and followed by those of 50+ with 8% and finally 3 respondents representing 5%. The bracket of 40-49 had few respondents compared to other people who fall in other age brackets.

4.1.3 Academic Qualifications of respondents

Table iii: Showing academic qualifications of the respondents

<table>
<thead>
<tr>
<th>Qualifications</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate</td>
<td>9</td>
<td>15</td>
</tr>
<tr>
<td>Diploma</td>
<td>14</td>
<td>23</td>
</tr>
<tr>
<td>Degree</td>
<td>20</td>
<td>33</td>
</tr>
<tr>
<td>Masters</td>
<td>11</td>
<td>18</td>
</tr>
<tr>
<td>Others</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: primary data, 2018

From the above table it is seen that that the majority of the attendants at Centenary Bank, Kotido Branch are degree holders representing 33% followed by diploma holders at 23% followed by masters holders representing 18% followed by certificate holders by 15% and finally others by 6 respondents representing a total percentage of 10% of the total respondents. This implies that the respondents from Centenary Bank, Kotido are well educated and therefore the information obtained from them can be relied upon for the purpose of this study.

4.1.4 Marital status of respondents

Table iv: Showing marital status of the respondents

<table>
<thead>
<tr>
<th>Marital status</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married</td>
<td>32</td>
<td>53</td>
</tr>
<tr>
<td>Single</td>
<td>18</td>
<td>30</td>
</tr>
<tr>
<td>Separated</td>
<td>10</td>
<td>17</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100</td>
</tr>
</tbody>
</table>

Source: Primary Data, 2018

Results in table 4 indicated that majority of the respondents were married with 53% of the respondents followed by single with 18 respondent with 30%, followed by separated with 17% of respondents. This implies that the respondents are well divided and belonged to all categories as shown above but in general analysis it indicates that most people belong to organized
families and are married hence information can therefore be relied on for making serious decisions at the branch.

4.2 The levels of interest rates in Centenary Bank, Kotido Branch.

The first objective of the study was to establish the levels of interest rates in Centenary Bank, Kotido Branch. Data collected presented as below.

Table v: Showing the response on the levels of interest rates in Centenary Bank, Kotido Branch.

<table>
<thead>
<tr>
<th>Response on the levels of interest rates</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Not Sure</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rates are the expressions of interest as a percentage of the principal</td>
<td>39</td>
<td>65</td>
<td>5</td>
<td>8</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>A rise in interest rates for any reason tends to dampen business activity</td>
<td>32</td>
<td>58</td>
<td>9</td>
<td>10</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>The interest rate on loan rises to accommodate the increased risk associated with the loan</td>
<td>22</td>
<td>37</td>
<td>12</td>
<td>20</td>
<td>7</td>
<td>12</td>
</tr>
<tr>
<td>Interest rates are a major concern in the banking and lending industry in Uganda</td>
<td>17</td>
<td>28</td>
<td>10</td>
<td>17</td>
<td>9</td>
<td>15</td>
</tr>
</tbody>
</table>
From the table above, the levels of interest rates in Centenary Bank, Kotido Branch, 65% strongly agreed that the main causes of internal displacement are wars and armed conflicts, 8% agreeing as well, while 10% respondents were recorded for not being sure, 5% disagreed and 12% strongly disagreed.

58% of the respondents agreed with rise in interest rates for any reason tends to dampen business activity, 10% agreed, 6% of the respondents were not sure, 17% disagreed and 8% strongly disagreed.

The interest rate on loan rises to accommodate the increased risk associated with the loan had 37% respondents who strongly agreed, 20% agreed, 12% were not sure, while 15% disagreed and 17% strongly disagreed.

Interest rates are a major concern in the banking and lending industry in Uganda had 28% who strongly agreed, 17% agreed, 15% were not sure, 17% disagreed and 23% strongly disagreed.

Financial Institutions Act with an aim of protecting the consumers had 45% of the respondents who strongly agreed, 12% agreed, 3% were not sure, 18% disagreed and 22% strongly disagreed.
Figure iii: Showing the response to the levels of interest rates in Centenary Bank, Kotido Branch, showing those who Strongly agree and Agree in percentage.

Source: Primary data, 2018

From the figure above on the levels of interest rates in Centenary Bank, Kotido Branch, the data collected is presented. Majority of the respondents were that 73% agreed that Interest rates are the expressions of interest as a percentage of the principal, A rise in interest rates for any reason tends to dampen business activity had 68%, the interest rate on loan rises to accommodate the increased risk associated with the loan had 57% of the respondents, 45% of the respondents agreed that Interest rates are a major concern in the banking and lending industry in Uganda and financial Institutions Act with an aim of protecting the consumers had 57%. It implies that though interest rates impact much on loan repayment, still there are other activities need to be put in place at Centenary Bank, Kotido Branch according to the analysis above.
4.3 The extent of loan repayment at Centenary Bank, Kotido Branch

The second objective of the study was to examine the extent of loan repayment at Centenary, Kotido Branch. The responses to this objective were gathered on a likert scale measure of 1; 5 measuring responses.

Table vi: showing response to the extent of loan repayment at Centenary Bank, Kotido Branch.

<table>
<thead>
<tr>
<th>Response on the extent of loan repayment</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Not Sure</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans and money advances can greatly help the public to tide over their bills before payday</td>
<td>32</td>
<td>53</td>
<td>12</td>
<td>20</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>There Capacity to pay</td>
<td>42</td>
<td>70</td>
<td>6</td>
<td>10</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>There is Payment history</td>
<td>34</td>
<td>57</td>
<td>11</td>
<td>18</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>The Movements of financial capital are normally dependent on either credit in use or centenary transfers.</td>
<td>27</td>
<td>45</td>
<td>16</td>
<td>27</td>
<td>7</td>
<td>12</td>
</tr>
<tr>
<td>There is creation of new money when people go into debt in a sense that when you take out a loan, new money is created</td>
<td>31</td>
<td>52</td>
<td>17</td>
<td>28</td>
<td>4</td>
<td>7</td>
</tr>
</tbody>
</table>

Source: Primary Data, 2018

The data collected above shows that in line with the response to the extent of loan repayment at Centenary Bank, Kotido Branch, Loans and money advances can greatly help the public to tide over their bills before payday had 53% of the respondents who strongly agreed, 20% agreed, 10% disagreed, 12% respondents were not sure and 5% strongly disagreed.
There capacity to pay had 70% of the respondents who strongly agreed, 10% agreed, 10% disagreed, 3% of the respondents strongly disagreed and 7% were not sure.

There is payment history had 57% of the respondents who strongly agreed, 18% agreed, 7% disagreed, 10% of the respondents were not sure and 8% strongly disagreed.

45% of the respondents strongly agreed with the movements of financial capital are normally dependent on either credit in use or centenary transfers, 27% agreed, 12% disagreed and 10% of the respondents strongly disagreed and 7% of the respondents were not sure.

There is creation of new money when people go into debt in a sense that when you take out a loan, new money is created had 52% of the respondents who strongly agreed, 28% agreed, 7% were not sure, 8% disagreed and 10% of the respondents strongly disagreed.

Figure iv: Showing the response to the extent of loan repayment at Centenary Bank, Kotido Branch showing those who strongly agree and agree in percentage.

Source: Primary data, 2018

According to the responses from the extent of loan repayment at Centenary Bank, Kotido Branch, of the respondents who strongly agreed and agreed, it’s evident that loan repayment is at a standard extent, majority respondents were that there capacity to pay with 80%, there is creation of new money when people go into debt in a sense that when you take out a loan, new money is created had 80%, Loans and money advances can greatly help the public to tide over
their bills before payday had 73%, The Movements of financial capital are normally dependent on either credit in use or centenary transfers had 72% and There is Payment history had 75%.

The findings therefore imply following the analysis made by many respondents that loan repayment is at a good rate and is well practiced Centenary Bank, Kotido Branch.

4.4 The relationship between interest rate and loan repayment

The results in table vii below show the relationships between the study variables that were gathered using the Pearson (r) correlation coefficient. The person (r) correlation coefficient varies between -1.00 and 1.00.

Table vii: shows the relationship between the study variables.

<table>
<thead>
<tr>
<th>Study Variables</th>
<th>Interest Rate</th>
<th>Loan Repayment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest Rate</strong></td>
<td>Pearson Correlation</td>
<td>1.000</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>60</td>
</tr>
<tr>
<td><strong>Loan Repayment</strong></td>
<td>Pearson Correlation</td>
<td>.311*</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.833</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>60</td>
</tr>
</tbody>
</table>

*Correlation is significant at the 0.01 level (2-tailed).

The results in the table vii above showed that there is a slight moderate positive relationship between interest rate and loan repayment at centenary bank, Kotido branch in Uganda (r = .311*p<.01) and this relationship is statistically significant.
CHAPTER FIVE

SUMMARY, CONCLUSIONS, RECOMMENDATIONS AND AREAS OF FURTHER RESEARCH

5.0 Introduction

The study was carried out with the view to establish the effect of interest rate on loan repayment at Centenary Bank, Kotido Branch in Uganda. This chapter is concerned with discussion of the findings that were gathered from the case study.

5.1 Discussion of the findings

5.1.1 The Levels of interest rates in Centenary Bank, Kotido Branch

The study findings were that on the levels of interest rates in Centenary Bank, Kotido Branch, it’s evident that majority 73% of the respondents were that Interest rates are the expressions of interest as a percentage of the principal. A rise in interest rates for any reason tends to dampen business activity had 68%, the interest rate on loan rises to accommodate the increased risk associated with the loan had 57% of the respondents, 45% of the respondents agreed that Interest rates are a major concern in the banking and lending industry in Uganda and financial Institutions Act with an aim of protecting the consumers had 57%.

The study findings are in line with Saurina (2014) who urged that though interest rates impact much on loan repayment, still there are other activities need to be put in place. In general, interest rates rise in times of inflation, greater demand for credit, tight money supply, or due to higher reserve requirements for banks. A rise in interest rates for any reason tends to dampen business activity (because credit becomes more expensive) and the stock market (because investors can get better returns from bank deposits or newly issued bonds than from buying shares). Interest rate as being the rate of interest charged for the amount of money borrowed. Banks or lending institutions usually have general guidelines for the rates they intend to charge. Money borrowed on short term basis and long term basis have different rates and the difference between the amount borrowed and the additional amount of money returned is what determines the profit.

The study findings are in line with Mannasoo, (2012) in an urging that the main source of commercial bank’s income is the interest income by interest rate which is to some extent below
or above the inter-bank loan rate. Typically, central bank boosts up the rate of interest for many causes that may or may not correct the intended issue. Inflation is from one of them. Rising interest rate encourages the people to keep their funds with bank by offering hand sum saving interest income. Rising interest rate and over spending cause stress on inflation. While on the other hand, when interest rate goes up make borrowing more expensive which results into fall in mortgage and investment.

The study findings are in line with earlier scholars who found that interest can be thought of as rent of money. Interest rate as a price of money reflects market information regarding expected change in the purchasing power of money or future inflation. The interest rate on loan rises to accommodate the increased risk associated with the loan. However, utilizing firm-level data of the Barbadian banking industry, it is observed that the smaller the loan's size, the greater the interest rate applied, and vice versa. Yet, using a fixed effect panel data framework, this article also shows that the interest rate differences among loan sizes can be mainly explained by the borrower's characteristics for local banks while for foreign banks, its operating characteristics are the most important factors (Kithinji and Waweru (2013).

5.1.2 The extent of loan repayment at Centenary Bank, Kotido Branch

The study findings were that on the responses from the extent of loan repayment at Centenary Bank, Kotido Branch, of the respondents who strongly agreed and agreed, it's evident that loan repayment is at a standard extent, majority respondents were that there Capacity to pay with 80%, There is creation of new money when people go into debt in a sense that when you take out a loan, new money is created had 80%, Loans and money advances can greatly help the public to tide over their bills before payday had 73%, The Movements of financial capital are normally dependent on either credit in use or centenary transfers had 72% and There is Payment history had 75%.

The study findings are in line with Pennacchi (2011) who urged that Lending is the principal business activity for most commercial banks. The loan portfolio is typically the largest asset and the predominate source of revenue. As such, it is one of the greatest sources of risk to a bank’s safety and soundness. The level of interest risk attributed to the bank’s lending activities depends on the composition of its loan portfolio and the degree to which the terms of its loans (maturity, rate structure, and embedded options) expose the bank’s revenue stream to changes in rates.
The study findings are in line with Johnson, S. (2013) proposing that loans such as payday loans and money advances can greatly help the public to tide over their bills before payday so as to increase on their monthly budget. Due to the financial crisis, the cash crunch has become real for many people in the world today. Payday loan usage has soared as the key way to help people sort out a few payments while they are waiting for their pay to come through though, relying on loans every month is not a good idea and payday loans and money advances should only be used in the short-term when a pressing financial need comes up.

The findings are in line with Gimenez (2005) suggesting that borrowing capacity is dependent upon several factors including the amount of qualifying collateral available to secure borrowings, the adequacy of your capital structure and management's capacity and willingness to purchase additional Federal Home Loan city. Financial capacity can be demonstrated by an employment history that shows a steady stream of earnings, an investment that produces a steady stream of income, or a pool of highly liquid and available assets that can be liquidated as needed. Banks and other lenders evaluate an individual's ability to pay when considering a loan application. An individual whom a lender deems as having a greater ability to pay will be considered a better, less risky loan candidate than someone with a lower ability to pay.

5.1.3 The relationship between interest rate and profitability at Centenary Bank, Kotido Branch

On the relationship, the relationships between the study variables were gathered using the Pearson (r) correlation coefficient and the findings were that there is a slight moderate positive relationship between interest rate and loan repayment at centenary bank, Kotido branch, Kotido district in Uganda (r = .311*, p<.01) and this relationship is statistically significant.

The findings are in line with Fofack, Hippolyte (2011) in his study on the impact of interest payments on credit cards where he found a positive relationship between the study variables. It was found that Interest payments on credit cards and loans are more expensive. This discourages people from borrowing and saving leading to low profitability in banking industry. People who already have loans will have less disposable income because they spend more on interest payments. Therefore other areas of consumption will fall. On the other hand Lower interest rates make it easier for people to borrow in order to buy cars and homes thus calling for higher profits. Purchases of homes, in turn, increase the demand for other items, such as furniture and appliances, thus providing an additional boost to the economy.
5.2 Conclusions

The purpose of the study was to establish the effect of interest rate on loan repayment at Centenary Bank, Kotido Branch, Kotido district, Uganda and it was carried out on the three research objectives which included to: establish the levels of interest rates in Centenary Bank, Kotido Branch, examine the extent of loan repayment at centenary bank, Kotido Branch and establish the relationship between interest rate and profitability at Centenary Bank.

5.2.1 The levels of interest rates in Centenary Bank, Kotido Branch

The findings revealed that though interest rates impact much on loan repayment, still there are other activities need to be put in place at Centenary Bank, Kotido Branch according to majority 73% respondents who were that Interest rates are the expressions of interest as a percentage of the principal, A rise in interest rates for any reason tends to dampen business activity had 68%, the interest rate on loan rises to accommodate the increased risk associated with the loan had 57% of the respondents, 45% of the respondents agreed that Interest rates are a major concern in the banking and lending industry in Uganda and financial Institutions Act with an aim of protecting the consumers had 57%. It implies that though interest rates impact much on loan repayment, still there are other activities need to be put in place at Centenary Bank, Kotido Branch according to the analysis made.

5.2.2 The extent of loan repayment at Centenary Bank, Kotido Branch

The findings revealed that loan repayment makes it well at Centenary Bank, Kotido Branch, According to the respondents that loan repayment is at a standard extent, whereby there Capacity to pay had 80%, There is creation of new money when people go into debt in a sense that when you take out a loan, new money is created had 80%, Loans and money advances can greatly help the public to tide over their bills before payday had 73%, The Movements of financial capital are normally dependent on either credit in use or centenary transfers had 72% and There is Payment history had 75%. The findings therefore imply following the analysis made by many respondents that loan repayment is at a good rate and is well practiced Centenary Bank, Kotido Branch.
5.2.3 The relationship between interest rate and profitability at Centenary Bank, Kotido Branch

The findings revealed that there is a slight moderate positive relationship between interest rate and loan repayment at Centenary bank, Kotido branch in Uganda (r = .311*, p<.01) and this relationship is statistically significant.

5.3 Recommendations

The study makes the following recommendations

The recommendation the researcher would recommend would be for the bank managers to make clients appreciate the credit policies and recovery procedures. Centenary Bank has to educate the clients and also listen to their grievances. Clients level of education was found out to have an impact on the client's understanding of policies and recovery procedures.

The banking institution should either extend the payback period from one year to at least two years or extend weekly deposit to monthly deposits so as to increase the percentage of payback. Centenary bank must look into scrutinize the customers who borrow loans thoroughly before loan is issued.

Financial literacy should be linked to the concept of financial intelligence with wider use in popular literature. It is important to point out that financial intelligence is an innate ability that you have or do not have a set of skills that can and must be learnt. These are the skills that must be held by all those who want to run their businesses successfully and to be able to follow and understand what the financial world is speaking.

Loans and money advances can greatly help the public to tide over their bills before payday so as to increase on their monthly budget. Due to the financial crisis, the cash crunch has become real for many people in the world today. Payday loan usage has soared as the key way to help people sort out a few payments while they are waiting for their pay to come through though, relying on loans every month is not a good idea and payday loans and money advances should only be used in the short-term when a pressing financial need comes up.

5.4 Areas for Further Research

- An assessment on the effects of interest rates on the profitability
- Customer satisfaction and loan repayment
REFERENCES


Amin, M. E. (2005).*Social Science Research: Conception, methodology and analysis.* Kampala: Makerere University Printery.


Bank of Uganda (2013).*Central Bank Rate Maintained at 12 Percent in October.* Retrieved from: http://www.bou.or.ug/bou/media/statements/Monetary-policy-statement-for-October-2013.html

Centenary bank credit policies and procedures (2005).*Value proposition in the search for Diversification and Yield.

CGAP/ World Bank (2009).*Delinquency management and Interest rate setting for Microfinance Institutions: Consultative Group to Assist the Poor, Washington DC 20433


Idaan, O (2012). *Reward management and employee retention in post bank Uganda (PBU):* Unpublished manuscript submitted to the University of Manchester for the degree of Master of Science in human resource management and development in the institute of development policy & management.

Jimenez, Gabriel and Jesus Saurina (2005). "*Credit cycles, credit risk, and prudential regulation*" Banco de Espana, January.


APPENDICES

APPENDIX I: RESEARCH INSTRUMENT; QUESTIONNAIRES

Dear respondent,

I Pulkol Anjello carrying out a study on the effects of interest rates on loan repayment in Microfinance Institutions in Uganda. I’m a student at Kampala International University offering Bachelors Degree in Business Administration (Accounting and Finance).

I’m privileged to have you as my respondent and the information given to me is purely for academic and will be treated with confidentiality.

PART A- Background of respondents

1. Gender
   Male
   Female

2. Age
   20 – 29 years
   30 – 39 years
   40 – 49 years
   Above 50 years

3. Qualification academically
   Certificate
   Diploma
   Degree
   Masters
   Others

4. Marital status
   Married
   Single
   Separated/divorced
PART B: The levels of interest rates in Centenary Bank, Kotido Branch

The following are the levels of interest rates in Centenary Bank, Kotido Branch. (1-Strongly Agree, 2-Agree, 3-Not sure, 4-Disagree, 5-Strongly disagree) **Tick the appropriate box.**

<table>
<thead>
<tr>
<th>Levels of interest rates in Centenary Bank, Kotido Branch</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest rates are the expressions of interest as a percentage of the principal</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A rise in interest rates for any reason tends to dampen business activity</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The interest rate on loan rises to accommodate the increased risk associated with the loan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest rates are a major concern in the banking and lending industry in Uganda</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial Institutions Act with an aim of protecting the consumers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

If there is any other levels of interest rates in Centenary Bank, Kotido Branch, Please mention them..........................
PART C SECTION C: The extent of loan repayment at centenary bank

The following are the views to the extent of loan repayment at centenary bank. (1-Strongly Agree, 2-Agree, 3-Not sure, 4-Disagree, 5-Strongly disagree)

Tick the appropriate box depending on your level of agreement

<table>
<thead>
<tr>
<th>The extent of loan repayment at centenary bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td>4</td>
</tr>
<tr>
<td>5</td>
</tr>
<tr>
<td>Loans and money advances helps the public to tide over their bills before payday</td>
</tr>
<tr>
<td>There is capacity to pay</td>
</tr>
<tr>
<td>There is Payment history</td>
</tr>
<tr>
<td>Consumers take long to pay back the loan</td>
</tr>
<tr>
<td>There is creation of new money when clients pay back</td>
</tr>
</tbody>
</table>

If there is any view to the extent of loan repayment at centenary bank, Please mention them
PART D: The Relationship between interest rate and loan repayment.

7. In your view, is there any relationship between interest rate and loan repayment?
   - Yes
   - No
   - Not sure

If yes, the following are the views to the relationship between interest rate and loan repayment. 
(1-Strongly Agree, 2-Agree, 3-Not sure, 4-Disagree, 5-Strongly disagree) Tick the appropriate box.

<table>
<thead>
<tr>
<th>Response</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest is charged by lenders as compensation for the loss of the asset's use</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest payments on credit cards and loans are more expensive</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>consumers spend less on interest costs, leaving them with more of their income to spend on goods and services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest rates do not seem to affect the amount that people save</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rising interest rates affect both consumers and firms</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

If there is any other views to the relationship between interest rate and loan repayment please mention them.

......................................................................................................................................................................................................................................................................................................................

......................................................................................................................................................................................................................................................................................................................

Thank you for your corporation

May God Bless You
## Appendix ii: Research Budget

<table>
<thead>
<tr>
<th>NO</th>
<th>ITEM</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Photocopy/printing</td>
<td>120,000/=</td>
</tr>
<tr>
<td>2</td>
<td>Relevant Research analysis</td>
<td>100,000/=</td>
</tr>
<tr>
<td>3</td>
<td>Meals</td>
<td>100,000/=</td>
</tr>
<tr>
<td>4</td>
<td>Data analysis</td>
<td>100,000/=</td>
</tr>
<tr>
<td>5</td>
<td>Consultation</td>
<td>100,000/=</td>
</tr>
<tr>
<td>6</td>
<td>Miscellaneous</td>
<td>50,000/=</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td><strong>570,000/=</strong></td>
</tr>
</tbody>
</table>
### APPENDIX iii: Research Time Frame

<table>
<thead>
<tr>
<th>NO</th>
<th>ACTIVITY</th>
<th>Time Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Variable formulation</td>
<td>June-July 2019</td>
</tr>
<tr>
<td>2</td>
<td>Chapter one formulation and design</td>
<td>August 2019</td>
</tr>
<tr>
<td>3</td>
<td>Literature &amp; Methodology</td>
<td>September 2019</td>
</tr>
<tr>
<td>4</td>
<td>Data collection</td>
<td>Early October 2019</td>
</tr>
<tr>
<td>5</td>
<td>Data analysis</td>
<td>Late October 2019</td>
</tr>
<tr>
<td>6</td>
<td>Report writing and submission</td>
<td>November 2019</td>
</tr>
</tbody>
</table>