



**CREDIT MANAGEMENT AND FINANCIAL SUSTAINABILITY IN  
MICRO FINANCE INSTITUTIONS IN  
CENTRAL UGANDA**

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A Dissertation

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## **ABSTRACT**

The purpose of the study was to establish the relationship between credit management and financial sustainability and microfinance institutions in central Uganda in view of establishing a model directed at improving financial sustainability. The study adopted both positivist (quantitative) and interpretivist (qualitative) approaches. The study used a sample of 41 Microfinance Institutions in Central Uganda.

The findings on the main purpose of the study indicated that credit management accounted for 45.1% of the variations in financial sustainability. The results indicated that credit standards accounted for only 17.3%, credit terms accounted for 35.7% while debt monitoring and collection strategy accounted for 70.9% variations in financial sustainability.

The study supported the Theory of Constraints (TOC) in explaining sustainability of micro finance institutions in central Uganda. The findings revealed that the level of financial sustainability of microfinance institutions is low and declining. As research recommended the need to establish an optimum credit policy so as to increase the level of financial sustainability of microfinance institutions.