

**LOAN MANAGEMENT AND THE SURVIVAL OF COMMERCIAL BANKS IN  
SELECTED DISTRICTS IN MERU REGION IN EASTERN KENYA**

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### **ABSTRACT**

This study sought to establish the relationship between loan management and survival of Commercial Banks in selected districts in Meru Region in Eastern Kenya. The study was guided by four research objectives; to determine the profile of respondents in terms of age, sex, designation and level of income; to determine the level of loan management in terms of secured loans, unsecured loans and mortgages management; to determine the level of survival of commercial banks in terms of loans issuance, market share, profitability, customer satisfaction, employee satisfaction and shareholders' wealth and establish the relationship between loan management and survival of commercial banks in Selected districts in Meru Region. It utilized descriptive correlation survey design using questionnaire as the research instrument. A sample of 112 bank employees was used as the respondents for the study. Stratified random sampling method was used to identify the respondents. The data collected was analysed using SPSS for means to determine level of the dependent and the independent variables. Using the Pearson's Linear Correlation Coefficient, the correlation between the two variables was determined. The study established that there is high level of loan management and high level of survival of commercial banks in selected districts in Meru Region and that the two variables (loan management and survival of commercial banks. This is in line with Vigenina and Kritikos (2004) who asserted that improved loan management can increase loan performance by up to 100%. It is recommended that banks adhere to strict loan management to ensure their survival. Banks should also lay emphasis on management systems that enhance recruitment and retention of customers to guarantee and continuously improve on their market share. Banks should also adhere to Central Bank regulations which are beneficial in loan management practices. Banks should venture in rural areas for as long as they have proper loan portfolio management systems the survival rate is high