CREDIT POLICY AND CUSTOMER SATISFACTION IN FINANCIAL INSTITUTION

A CASE STUDY OF CAIRO INTERNATIONAL BANK, KAMPALA- UGANDA

BY

EMMANUEL MBAMBA

REGNO: BBA/45421/143/DF

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/MARKETING OF KAMPALA INTERNATIONAL UNIVERSITY

MAY, 2017

ACKNOWLEDGEMENT

. First, I would like to thank the almighty God for the gift of knowledge and helping me to finish this report on time.

Second, I would like to acknowledge my supervisor for the guidance rendered me during the preparation of this report.

Last, my appreciation goes to my lovely mum for the financial and moral support given to me and I thank all lecturers in Kampala international university for the support rendered.

DEDICATION

I dedicate this report to my lovely mum Grace Mbamba and my young brother Baraka Frank Masika.

TABLE OF CONTENTS

LIST OF FIGURES

ABSTRACT

This study established credit policy and customer satisfaction in Cairo international bank Uganda ltd in Kampala. The study was based on the following objectives and these are, to establish the profile of the respondents in financial institutions, to establish the key elements of credit policy for Cairo bank and to examine the relationship between credit policy and customer satisfaction. The study employed descriptive correlation design; data was collected using researcher devised questionnaires and interview. In regard to gender, the findings revealed that the majority of the respondents 60% were male, in regard to department category, majority 40% were from the marketing department, in regard to education level, majority 40% were bachelor's degree holders, and in regard to work experience, majority 45% had worked with in Cairo bank for 3-6 years. In regard to credit policy 65% were encountered to the service, in regard to customer satisfaction, the study established that the maj;rity85% customers are satisfied with the service provided and was interpreted satisfactorily, 64% showed increase in sales, 70% increase in profits. The results also suggested that there is relationship between credit policy and customer satisfaction of 79.8%. The study concluded that the main goal of the research was establish the impact of credit policy and customer satisfaction financial institution in Cairo bank branch of Kampala district .it is recommended to Cairo bank to clarify company's goals before implementing credit policy program through considering company's needs, carry out customer orientation, competitive concentration and technological turbulence.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This section of the study unveils the background to the study, statement of the problem, purpose of the study, objectives of the study, research questions, scope of the study, significance of the study, and definitions of key operational terms used.

1.1 Background of the study

According to Pandy (2004), credit policy is a policy established by the management of a bank to guide decisions concerning the extension of credit. Credit policy is simply effort made by the bank to ensure that loans are extended to the right borrowers (customers) so as to ease loan payment. On the other hand, Edmidton*et al* (2003) defines credit policy as institutional methods of analyzing credit request and its decision criteria for accepting or rejecting loan applications. This means that the policy tries to improve repayments by avoiding high default from the start and avoid use of force which may result into dissatisfaction of customers. This is achieved through customer appraisal of his/her credit worthiness based on his capacity to repay the credit/loan, client's character, capital (loan amount) required by the client, collateral security, loan repayment period, mode of loan repayment, and among others terms and conditions.

Wikipedia (2010) defines customer satisfaction as the measure of how products and services supplied by a company meet or surpass customer expectation. This means that for this case, customer satisfaction is justified by the bank's services like credit/loans given to its customer (particularly borrowers), deposit services, customer care and among other financial services, as to how such services meet and surpass customers 'needs and expectations. Murray (2009) further emphasized that customer satisfaction is extremely important in an economy where the vendors have to work hard to win new business and keep their existing customers. If a company fails to satisfy their existing clients there are many other vendors' who would like the opportunity to win the business. Therefore a company has to ensure that in every aspect with their dealings with the customers, whether being on order time, delivery or just simple communication or policies (like

A credit policy), they must guarantee that they understand the needs of the customer and how those needs can be met. The author additionally noted that a customer will stop doing business with a vendor for a number of reasons such as the goods/services are too expensive, the promised delivery was not met, the wrong product/service was sent/offered, lack of or poor communication and poor relationship company-customer relationship. Therefore, to achieve customer satisfaction, many strategies must be established by any company including a good or an effective credit policy represented by its credit terms and credit standards in the eyes of a customer.

Customer satisfaction has been a key performance indicator within business and is often part of a balanced scorecard as explained by (Auronene 2003, Kamusiime*et al.,* 2008), yet kock and MacDonald (2000) argue that in a competitive market place where business compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy within organization, customer satisfaction ratings can have powerful effects. Employees often focus on the importance of fulfilling customers' expectation.

Therefore, according to Auronen (2003), it is essential for businesses to effectively manage customer satisfaction and that to be able do this, firms including financial institutions like banks need not only effective but also customer-friendly credit policies. Basing on the views of Auronen (2003), it seems there is a relationship between credit policy and customer satisfaction but not yet clear/proved.Which is the primary focus of this study (to have a clear stand on the exact nature and extent of the relationship between the two variables).

1.2 Statement of the problem

Effective credit policies help to harmonize the relationship between banks and their customers, thus including customer satisfaction, Koch and Mac Donald, (2000). However, Kamusiime et al (2008) reported that despite the numerous efforts including embracing a credit policy taken by Cairo bank to manage credit extension and repayment, the bank still experiences low customer base and small market share in Uganda, which has been linked bank's failure to meet customers' expectations, as elaborated in Cairo bank Financial Performance Report (2011) where market share, market growth and customer base were lower than the budgeted performance. Kamusiime et al (2008) further added that to some extent, the bank's failure to satisfy its customers may not be self –imposed by the bank but rather customer-oriented due to customers' loan repayment problem which results into customers; assets being confiscated (taken over) by the bank and thus a likelihood of resulting into customer dissatisfaction. It is against this background that the researcher wants to research on the effects of credit policy on customer satisfaction.

1.3 Purpose of the study

The primary purpose of the study was to examine the effect of credit policy on customer satisfaction, using Cairo bank as a case study.

1.4 Objectives of the study

1. To establish the profile of respondents (Age, gender. Education level, Department, position, number of years/ working experience) in financial Institutions.
2. To establish key elements of credit policy for Cairo international bank.
3. To identify major factors that determine customer satisfaction in Cairo bank
4. To examine the relationship between credit policy and customer satisfaction in banking sector.

1.5 Research questions

1. What are the profile elements of a good credit policy for a bank?
2. What are the key elements of a good credit policy for a bank?
3. What are the major factors that determine bank's customer satisfaction?
4. What was the relationship between credit policy and customer satisfaction in banking sector?

1.6.0 Scope of the study

1.6.1 Geographical scope:

The study was carried out on selected branches within Kampala. The study will mainly focus on braches that are strategically located in the near and within Kampala city, Kampala district in Uganda.

1.6.2 Time scope:

The study was carried out from April to August 2014 and reviewed information limited between 2000 and 2014.

1.6.3 Subject scope:

The research study established the impact of credit policy on customer satisfaction. The two subject scope variables are: credit policy (independent variables) and customer satisfaction (dependent variable).

1.7 Significance of the study

- The study will be of great use to the researchers in the field of credit control and management since it will act as reference of different citations in their respective research studies.
- The study will benefit Cairo Bank especially Loan field offices and financial controllers, in developing effective and friendly policies aimed at satisfying bank's customers (borrowers).
- The researcher's knowledge was broadened by the study and thus of great importance to the future readers of this research report.
- The study established major factors that determine customer satisfaction and this will educate bank's management and other financial institution like commercial banks and micro-finances regarding what an effective credit policy should entail, in order to satisfy their customers and ensure continuous profitability.

1.8 Key Operational Terms

1.8.1 Credit policy

A credit policy is defined as policies established by the management of a bank to guide decisions concerning the extension of credit.

1.8.2 Customer satisfaction

is the measure of how products and services supplied by a company meet or surpass customer expectation.

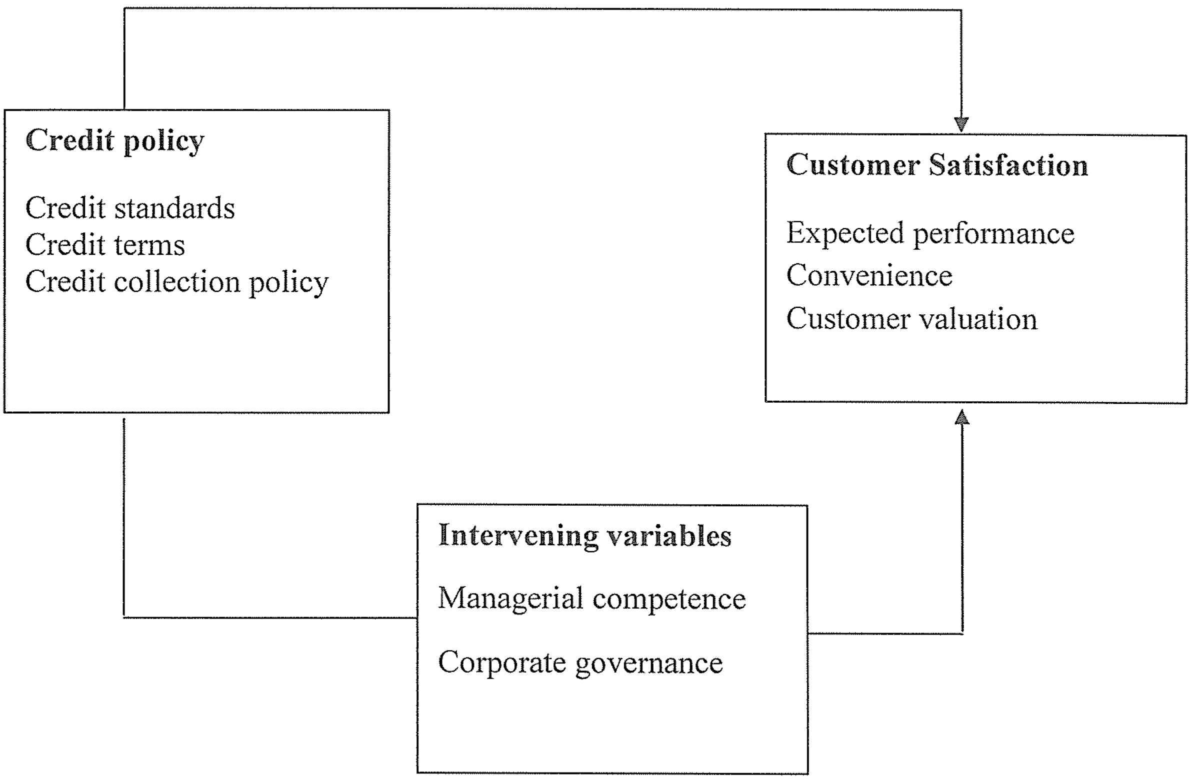
1.8.3 Customer loyalty

is defined as the repeat purchase exhibited by business' customers, that is, the action of the customer of making another visit with an intention to transact with the seller or owner of the products/services.

1.9 Conceptual framework

Figure 1: Showing the conceptual framework

Independent variable **Dependent variable**



Source: Researcher's conceptualization, 2015

The term credit policy is also used to refer to a combination of three decision variables which include standards, credit terms and credit collection policy. A collection policy was needed because not all clients pay the firms bills at once. Some clients are slow payers and others are not payers. Among the driving factors include; convenience in accessing company's products/services, terms and conditions attached to consumption of a services, product/service quality, price, and expected performance.

annum since 1999/2000; it has been one of the fastest growing sectors of the economy in this period (ibid).Bategeka & Okumu (2010) show that there is widespread argument that with rapid population growth in Uganda, the informal financial sector has expanded with liberalization of interest rates and increased participation in saving and credit societies and microcredit programmes.

In regard to credit and attraction of borrower to financial institutions, Bategeka&Okumu (2010) explain as follows, foreign banks that entered the market from 2008 and found it difficult to attract and retain high caliber borrowers. As such, new foreign banks were locating to Uganda for speculative or prospective purposes but not to engage in traditional financial intermediation; there is a paradox of many banks that are not willing to lend to people on the one hand, and people that have high demand for credit on the other. Amidst that, Bategeka&Okumu (2010) indicate that there are risks associated with financial sector include monetary policy, exchange rates, access to financial services, high commercial bank lending rates, risk of regulation by international and regional liberalization agreements. ABC Capital Bank (2012) indicate that access to finance studies provide 62% of Uganda's population has no access whatsoever to financial services. The number of the population holding accounts in banks is 4 million or 33% of the 12 million who are bankable.

2.2 Credit Policy Conceptualization

Credit policy refers to the various policies established by the management of a firm, to guide decisions concerning the extension of credit, collection of receivables from customers or clients, monitoring and controlling of outstanding (Pandy, 2004).

On the other hand, Edmiston,*et al,* (2003) defined credit policy as an institutions method of analyzing credit request and its criteria for accepting or rejecting loan applications. This means that the policy lies to improve repayments by avoiding higher default risks from the start. Edmiston*et al,* (2003) also stated that granting a loan is intrinsically risky a possible default risk is obvious if there are no credit policies.

Credit also is a method of analyzing credit repayment by avoiding those borrowing with high degree of risk on the set policies and procedures (Auronen, 2003). Credit policies may also be guidelines or framework formulated by the organization to follow while extending credit to its clientele, borrowers and others. However Gorter and Bloem (2002) defined credit policy as set of policy actions designed to minimize costs associated with the credit while maximizing profits from it.

2.3 Key elements of a good Credit Policy

The term credit policy is also used to refer to a combination of three decision variables which include standards, credit terms and credit collection policy (Lipsey, 2005).

2.3.1 Credit standards

A credit standard is a measure by which institutions establish the credit worthiness of a customer, it involves the appraisal of the customer to identify possible risks in leading as well as clients ability to repay the loan amount. To estimate the possibility of loan default, the financial managers should carry out a process of loan evaluation which involves assessing information about the applicant and basing on the findings to approve or decline the loan proposal as explained by VanHaorne, (2002). For the firm to have an effective management policy, it must have clear cut guidelines to reduce the possibility of loan defaulters. Credit standards consider the following aspects about the applicant; character, condition, capital and collateral.

Capacity refers to the customers' ability to repay the loan advanced to them (Pandy, 2004). Ability to pay can be judged by assessing the customer's capital assets which they may offer as collateral security. According to Wood and Aangster (2005), the appropriate loan amount is dependent on the purpose of the loan and the ability of the client to repay the loan. When determining the debt capacity of potential clients, it is necessary to consider their cash flows and other claims that may come before repayment of the loan. According to Kakuru (2005) a deep analysis of the customers past, present and projected financial statement is mandatory.

Character is the likelihood that a borrower will repay his debt. Wood and Sangster (2005) defined this standard as the probability that the customer will try to honor his obligations. The character of the borrower can be established and evaluated by use of the past records and personal interviews (Lipsey, 2005).

Conditions generally refer to external factor that may affect a borrower's repayment (Gorter and Bloem, 2002). Loan conditions are the general economic trends of the firm or special developments in a certain area of the economy that may affect the customer's ability to meet his obligations. They can also be the general environment within which the borrower will likely to be operating from. VanHorne (2002) for example suggested that banks should minimize credit in insecure areas where the risk of total loss is very high.

Capital usually refers to a borrower's monetary stake in the proposed for which a loan/credit is desired. Kakuru (2005) defined capital as the amount of the borrower's investments, liquidity and solvency. The liquidity position is measured by the general condition of the firm as indicated by financial statements, cash flows and working capital statements. Special emphasis to careful assessment of the company's market and earnings possibility as these greatly affect a borrower's ability to repay.

Collateral refers to the security that a customer deposits to the bank as a perquisite to being granted credit (VanI-lorne, 2002). Assets offered as collateral should be safe and easily marketable. Kakuru (2005) adds however, that this security should only be secondary and not the primary focus.

2.3.2 Credit terms

Credit terms stipulations that specify the duration of credit repayment period and terms of payment of borrowers. Credit terms include; credit period, loan amount and interest rate, which have to be evaluated in terms of incremental gain or loss (Beaney, 2005).

Credit period: The credit period is merely a time frame given to the borrower in which he/she should asset payment of the principle and interest charges. The duration will be revealed to the borrower usually stated in terms of repayment date. Gorter and Bloem (2002) suggested that the financial viability of any leading institutions depends critically on the selection of the applicants who have high profitability of paying back quickly on the applicants who have high profitability of paying back quickly and rejecting those with a high probability of defaults. He adds that a risk premium to the loan price cover and delays in repayment and the subsequent losses.

Interest rate (risk premium): The risk premium results from the fact that at the time of the loan request, the lender is unable to clearly identify which borrowers would repay in time. Much as the risk premium may reduce to loan default rate, the shorter the repayment period, the more the disadvantage of squeezing out less risky applicants, whose investments may not be able to carry out the burden of higher interest costs, resulting in adverse selecting the high risk applicants (Gorter and Bloem, 2002).

Loan amount (credit): Another important consideration here should be the amount of the total required or sum that the bank will advance to borrower. Loan amount is the credit which the firm can extend to customers at any pointing time (VanHorne, 2002). Loan amount should be balanced against the collection costs, collection period and default risk overtime, as it is most reviewed periodically (Pandey, 2004).Should the tendencies be found, credit extended should be reviewed downwards.

2.3.3 Collection policy

A collection policy was needed because not all clients pay the firms bills at once. Some clients are slow payers and others are not payers. The collection efforts should therefore aim at accelerating collections from payers to reduce on bad debt losses. Kamusiime, et al, (2008) noted that the firms' collection policy is measured by its toughness or laxy in following up slow paying accounts to reduce on the default risk and this way fast paying accounts stand chances of being offered large loan amounts.

2.4 Factors that Determine Customer Satisfaction

Kessler (2003); Harrison and Pauline (2006) and among other authors observed that in order to measure and improve client satisfaction, it is essential to understand what factors actually drive customer satisfaction. These are the factors that really matter to your business because they result into customer satisfaction and increase loyalty due to repeat purchase. Thus, it is these drives that determine which attributes should be measured and which functions or processes should be improved. Among the driving factors include; convenience in accessing company's products/services, terms and conditions attached to consumption of a services, product/service quality, price, and expected performance.

2.4.1 Valuing and appreciating customers

According to Jamier (2002), valuating customers is another customer satisfaction driven factor, take care not to be closed-minded when it comes to your customer base. Remember that partners might well be customers too. Depending on your business type, distributors, advertising agencies, supplied and many others whom you interact with in order to carry out your business will need to be treated with the same level of customer care. Upsetting a supplier or distributor could damage sales and your business. Even colleagues within your business might well be seen as customers in certain circumstances, especially in larger companies where various interact to provide the end result.

2.4.2 Product performance or Service quality

The first step in measuring and determining customer satisfaction is obviously to assess the quality and performance of the product or service that you provide. The goal is to determine how well your product or service fulfills the function or need which it is purchased. This involves obtaining ratings of specific attributes that relate to product performance or service quality. You will want to determine how well you are doing on an absolute basis and relative to your competitors. Clearly measuring the performance of your product or service is necessary to determine customer satisfaction (Kessler, 2003).

2.4.3 Customer service

Good customer care will keep people coming back due to their satisfaction. Bad customer service will ensure they never come back and probably spread the word around like wildfire (Jamier, 2002). Exemplary customer service will get return business more often, bring in new business constantly, and get best result (success) from existing customers. Take customer service seriously and ensure those on the front line are properly trained and that good system are in place, since it has been attributed to the business success (Millet, 2008).

2.4.4 Meeting/ exceeding expectations (customer expectations)

Understanding customer expectations and then meeting or exceeding them is fundamental to creating satisfaction. Customers become satisfied only when a company meets or, better yet, exceeds their expectations. This is true regardless of the intrinsic quality of a company's product or service. Thus, customer expectations are as important as company performance in determining customer satisfaction. It is important to recognize as well that expectations are not static. Performance which satisfies a customer today may not be sufficient to satisfy that same customer in tomorrow's competitive environment. As a result, companies need to track changes in customer expectations over time continually adjust I order to meet those changing expectations (Kesseler, 2003).

2.4.5 Company-customer relationship

The relationship brings a sense of belonging among customers and this is all about how customers feel. This can be known through a market research. Although customer expectations are not straightforward or easy to measure, changes in expectations can be measured and understood using ongoing marketing research. A customer's perception of his or her interactions with a company is another key driver of customer satisfaction. Quite frequently how a customer feels about the transaction (how he or she is being treated) is actually more important than the underlying quality of the product or service being purchased. Being treated poor by a company leaves a damaging and impression that is difficulty to overcome. Aeeitude or tone of voice is the key factor influencing how a customer feels about a service interaction. Company service people must listen and indicate that they understand the customer's problem. Most importantly, service people need to express empathy for the customer's situation (Harrison and Pauline, 2006).

2.4.6 Addressing customers' complaints

Resolving customers' complaints is an important but frequently overlooked element of customer satisfaction, as problem resolution especially effective handling of customer complaints is crucial to maintaining customers due their satisfaction (Kesseler. 2003; Millet.2008). Most customers recognize that occasional problems are unavoidable and even inevitable. But the way in which a company respondent to those problems is often the difference between retaining and losing a customer's business. In many cases, we have found that good problem resolution actually increases customer satisfaction beyond the level which existed before the problem occurred. Customers who report that a company has exceeded their expectations frequently cite quickly, customer-oriented problem resolution as the source of their satisfaction.

2.5 Relationship between Credit Policy and Customer Satisfaction

Auronen (2003) highly recognized a positive relationship between credit policy customer satisfactions. The author thought that it is essential for businesses to effectively manage customer satisfaction and that to be do able to do this, firms including financial institutions like banks need not only effective but also customer- friendly credit policies. This was after him (Auronene.2002) appreciating customer satisfaction as now among the key performance indicators within business and being often of a part of a balanced scorecard for any business organization.

According to Kock and MacDonald (2000), effective credit policies help to harmonize the relationship between banks and its customers, thus improving customer satisfaction. This means that there is a relationship between bank's management strategies like having a credit and bank's customer satisfaction. However, this is contrary to views of Kamusiime*et al*, (2008) who reported that despite the numerous efforts including embracing a credit policy taken by Cairo

CHAPTER THREE
METHODOLOGY

3.1 Introduction

This chapter described the methods that were used in executing the study; it covers study area, study population; sample size and sample collection methods of data collection, data management and data analysis, quality and reliability of data and the limitations of the research study.

3.2 Research Design

The researcher used a case study research design plus qualitative and quantitative techniques which were used because of the ability to permit the research to present and analyze information through the use of statistical methods like correlation analysis, frequency tables and graphs. Qualitative research design was used since it would support the quantitative research design in presenting the da ta in descriptive form especially about the views opinions of the respondents.

3.3 The study population

The study population of the study was 150 people mainly the line employees of Cairo bank and the other employees of the bank to give a view about the impact of credit policy on customer satisfaction so as to get the clear view of the impact of the company's credit policy on customer satisfaction. The major respondents to this study were the members of the finance department the credit risk department and the managerial departments which are vested with the authority of ensuring effective credit policies are set in place to maximize customer satisfaction.

3.4 Sample size

The research had a target population of 150 employees from which a sample was selected to represent the whole group. The selection of the sample was done basing on purposive sampling technique. The research was also aimed at having a sample size of 108 respondents representing the employees of the bank basing on the Krejcei and Morgan sample table (1974). Given the target population of 150 employees across all branches, the research will use 108 respondents so as to ensure confidence interval of 90%. The researcher will ensure that at least 30% of the respondents for the study are female so as to eliminate the aspect of bias in the making of the report and also ensure that the report is sustaining to all the departments of the economy. The sample was as follows,

$$n = \frac{N}{1+Na^2}$$

where

n = sample size.

N = size of the population.=150

a=level of significance or reliability.= 0.05^2 =(0.05)(0.05)=0.0025.

Therefore $n = \frac{150}{1+(150)(0.05)^2} = \frac{150}{1+0.375} = 108.080808 = 108$

3.5 Sampling technique:

The sampling techniques that were used included, purposive sampling method where the key informants like the bank staff were asked to give information about the policies in the organization which are established to aid decision making and also draw conclusion of whether there is a relationship between the credit policy and customer satisfaction. The bank staffs were divided into different strata inclusive of the managers, credit officers and the general branch bank employees then randomly selected from the different strata this will be done to enable the selection of 30 respondents from the study population. A large sample was selected so as to minimize the sampling error.

3.6 Sources of data

The study was mainly collecting primary data from sample elements. Primary data was obtained by use of questionnaires and interviewing of the respondents and which were analyzed to come up with the situation in the enterprises in relation to the study.

3.6 Methods of Data Collection

3.6.1 Interview Guide

Under this technique, the researcher asked the respondents questions and get the answers directly from them. This was through a question answer format whereby the researcher noted down the information that was received from the respondents. The information acquired here is expected to be wider and make it easier to get more details whenever clarification on the information was needed.

3.6.2 Questionnaire

Pre-test self-administered questionnaires with both open-ended and closed questions about Credit policy and customer satisfaction were given out to the respondents. The questionnaires were distributed to the respondents and they were allowed ample time to return the questionnaires in the case of those who were not free to speak in the presence of other people to freely give in their views about the problem and yet also allow more information to be collected as it was able to address different respondents at the same time.

3.6.3 Observation schedule.

The researcher travelled to the Cairo bank branches located across the central division of Kampala district so as to observe the management of the employees of Cairo Bank perform their duties in order to get more information about the way credit policies in place affect the level of customer satisfaction.

3.6.4 Documentary study and desk research methods;

This method involves the collection of data from the published and printed company material, archives of the company records, internet and journals. It was intended to generate relevant information needed for an effective study on credit policy and customer satisfaction.

3.7 Data Analysis and presentation;

Data was analyzed both qualitative and quantitatively by use of percentages using the excel spreadsheets for example depending on the number of questionnaires distributed and those returned and the variables adopted from the survey instruments pertaining the organizational performance in entities which were cross tabulated against the independent variable which in this case refers to Credit policies. The results were summed up in form of qualitative and quantitative measures so as to be computed and results generated for the interpretations were made and conclusions and recommendations drawn out of the study.

3.8 Variables of the study;

The data has two variables that is the dependent and the independent variables. The dependent variable is the employee satisfaction performance while credit policies are the independent variables.

3.9 Validation of tools

Validation was achieved by making sure that the questions relate to the objectives of the study. Each research question was listed and information required to answer it was given from the different questions formulated. Piloting of the questionnaires was done to see if it can obtain the required results. The researcher engaged five people who were asked to read through and see if there any ambiguities which can be noticed, and also to comment on the length, structure and wording of the questions. Alterations were thus made accordingly.

3.10 Data collection process

The study was mainly based on quantitative research, the researcher relied on quite extensively predesigned questionnaire. Information wasbe collected primarily through administering the questionnaires to key informants and representatives. Where ever possible interviewing was used to explore issues and probe as the situation may require.

The research explored the general topics of Credit policy within an organization to uncover the observation and views of respondents on how this affects the situation of the customers.

The participants' observations was supplemented with gathering and analyzing documents such as published reports, letters, announcements, and samples of free writing about the topic, journals, policy statements, newspapers articles, magazines, textbooks, press releases, internet articles and other print material when available.

3.11 Limitation of the study

There were various limitations to this study that threatened the research validity. To address this issue the researcher claimed an allowance of 5% margin of error at 0.05 level of significance. Measures were also indicated in order to minimize, if not to eradicate the threats to the validity of the research findings of the study.

The study required a lot of time to carry out since the researcher has to attend to other commitments such as lectures, tests and course works and to carry out the study, which lead to collision of responsibilities and duties and thus she had to allocate some time to study. However, the researcher made it possible to work in overtime and also hire some additional capacity in regular time. For example, the researcher hired research assistants for typing and printing of the researched information in order to cope up with other commitments.

There may be a limitation of financial resources to facilitate the researcher such as research materials, transport costs to areas of the study, typesetting, printing and binding of the research report. However, the researcher intended to solicit financial assistance from the relatives like brothers, sisters and friends.

The researcher may face a problem of non-response by the respondents due to bias. This was solved by humble and soft approach towards the respondent.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION OF THE FINDINGS

4.0 Introduction;

This chapter was to look at the analysis of the data obtained from the field and presentation the data in the relevant figures and tables and the interpretation of the findings from the field.

4.1 Presentation of findings about the background information of the respondents

In the bid to get to know the number of respondents that completed and returned the questionnaires, the researcher went ahead to examine the details of all those that responded and the findings have been as below.

4.1.1 Gender of the respondents

Table 1: The gender of the respondents

Gender	Frequency	Percentage
Males	65	60%
Females	43	39%
TOTAL	**108**	**100%**

Source: Primary data

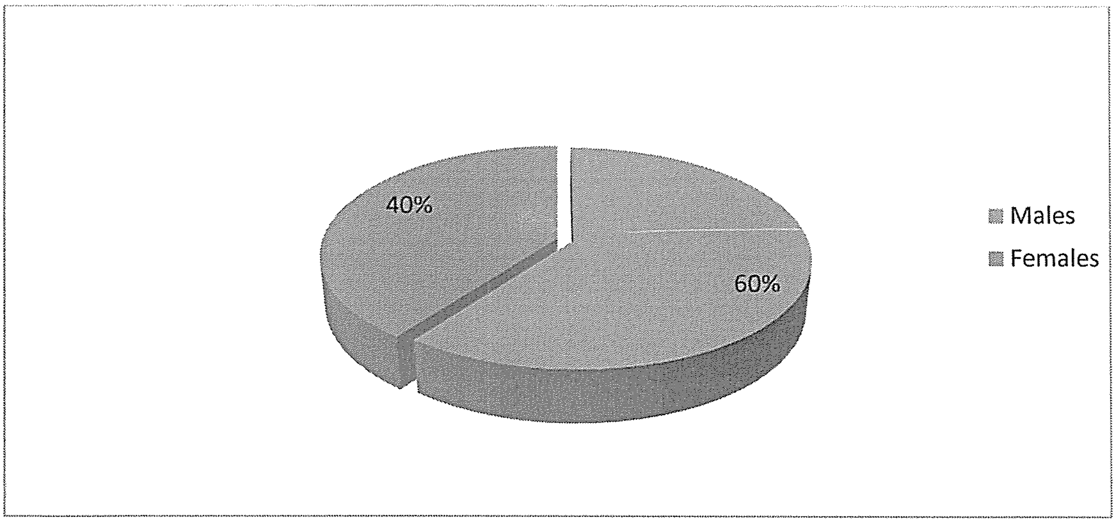


Figure 1: A pie chart showing the gender of the respondents*(Source: primary data)*

The findings from the table 2 and figure 1 showed that majority of the respondents were male represented by 60% while the females accounted for 40%. This was attributed to the fact that the organization has majority of the employees as males hence these were easily accessed for the needed information.

4.1.2 Age bracket of the respondents

Table 2: Findings about the age bracket of the respondents

Age bracket	Frequency	Percentage
Below 20 years	14	13.3%
20 to 40 years	76	70%
Above 40 years	18	16.7%
Total	**108**	**100%**

Source: Primary data

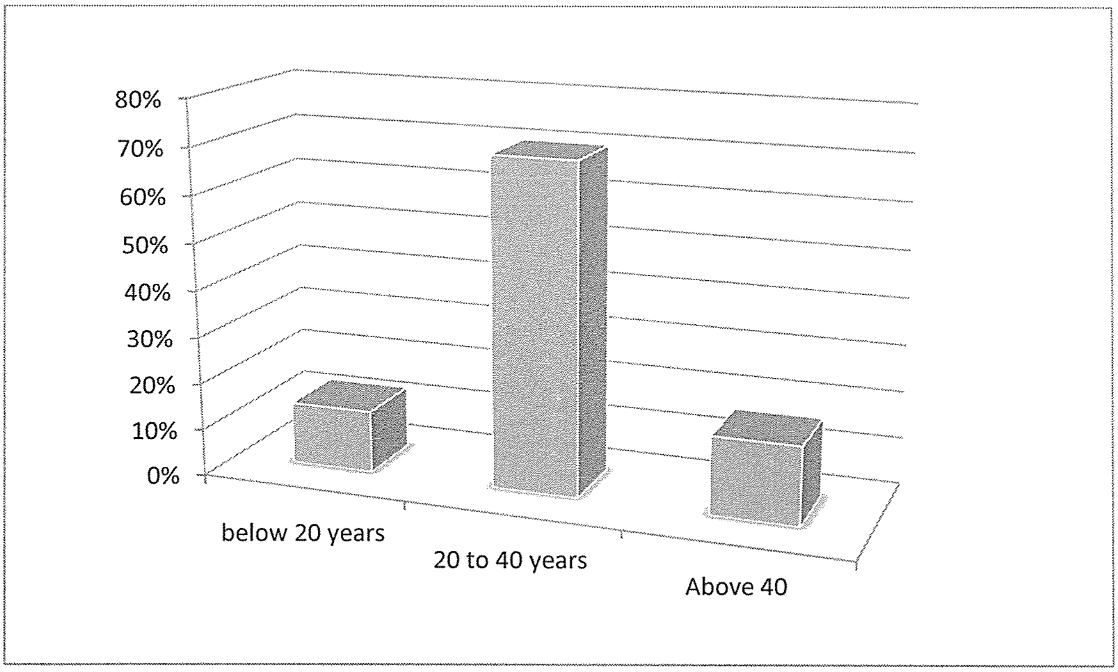


Figure 2: A graph showing the age brackets of the respondents, *(Source: Primary data)*

From the findings from table 2 and figure 2 showed that 13.3% of the respondents were below the age of 20 yet 70% of the respondents wre between the age of 20 and 40 years of age while 16.7% of the respondents wre above the age of 40. The findings of this study were attributed to the fact that the company does not employ individuals below the age of 18 which explains the few numbers for those below the age of 20 and majority of the bank staff are between the age of 20-40 who are mainly youths and University leavers working in the operations department yet about 16.7% of respondents were above the age of 40 and these mainly part of the management and general staff.

4.1.3 Distribution of departments of the respondents

Table 3: Findings about the distribution of departments of the respondents

Department in the organization	Frequency	Percentage
Top Management	11	10%
Operations/ tellers	43	40%
Credit department	4	33.3%
General staff	18	16.7%
Total	**108**	**100%**

Source: Primary data

The findings from table 4 showed that 10% of the respondents were in management given the fact that the branch has a few managers such as the branch manager, operations, credit and the branch accountant. The general staff were represented by 16.7% of the respondents and this is attributed to the fact that not much is expected from the general staff who include the deposit sales teams and the office attendants, the operations department forms the core of this organization whereby majority of the employees fall under this section of the company thus were represented by 40% of the respondents, the credit section being the major participant in the study was represented by 33.3% of the respondents. This therefore implies that the researcher had enough resources to get the required information.

4.2 Presentation of findings about the Key Elements of a good credit policy for a bank

This section presents all the findings about the key elements of a good credit policy that have been adopted by Cairo Bank Ltd, it goes further to establish the how the management of Cairo Bank guides its labor force and personnel in making decisions while extending credit facilities to the customers.

4.2.1 Existence of credit policies in place to cater for customers borrowing.

Table 4: Findings about on policies in place to cater for customers borrowing

Response	Frequency	Percentage
Strongly Agree	29	26.7%
Agree	50	46.7%
Not Sure	11	10%
Disagree	18	16.7%
Strongly Disagree	0	0%
Total	**108**	**100%**

Source: Primary Data;

According to the findings represented under table 5, 26.7% of the respondents strongly agreed that Cairo Bank ltd has policies in place to cater for customers borrowing to which 46.7% agreed while 10% of the respondents were not sure. 16.7% of the respondents however disagreed with the assertion that the branch has policies in place to cater for customers borrowing. This therefore means that the Bank has policies to cater for its customers borrowing as agreed to by over 73.4% of the respondents.

4.2.2 Credit policies applied in Cairo Bank Ltd

Table 5: Findings about the different credit policies applied in Cairo Bank Ltd.

Credit Policy	Agree	Disagree	Not sure
Credit period policy	75%	20%	5%
Policy on credit terms to be extended to the borrower.	80%	10%	10%
Lending Interest rate policy	70%	25%	5%
Credit collection policy	45%	35%	20%

Source: Primary data

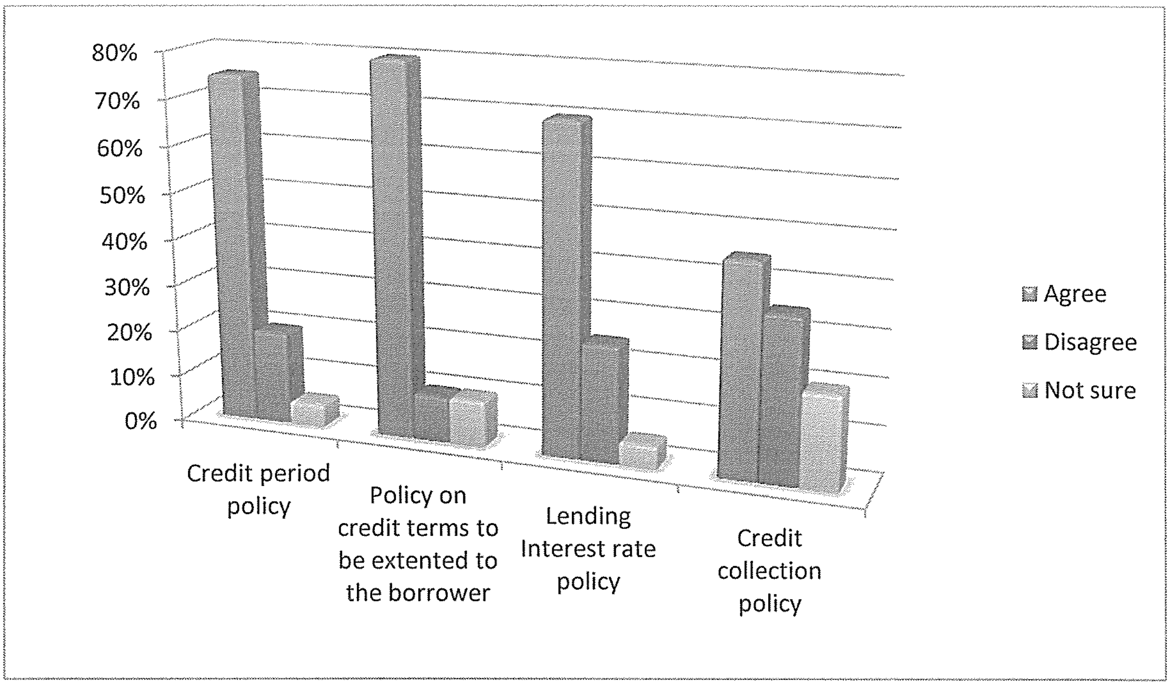


Figure 3: A graph showing the credit policies applied in Cairo Bank Ltd, *(Source: primary data)*

According to the findings in figure 3 and table 6, 75% of the respondents agreed while 20% disagreed yet 5% were not sure of the presence of a policy on credit period to be extended to the customer. On whether there was a policy on the credit terms to be extended to the borrower, 80% agreed, 10% disagreed yet 10% were not sure, this means that the most used policy is widely accepted one of the policies applied while extending credit to their customers. About having a policy on the lending rates, 70% agreed, 25% disagreed yet 5% were not sure. On whether the company has in place a policy about the credit collections, 45% of the respondents agreed while 35% disagreed yet 20% of the respondents were not sure. This therefore means that the most commonly known policies in Cairo Bank Ltd includes Credit period policy, Credit lending rates policy, and a policy on the credit terms.

4.2.3. The impact of the credit policy on the availability of credit to customers

Table 6: Findings about the impact of the credit policy on the availability of credit to customers

Response	SA		A		NS		D		SD	
Settings of long credit repayment period would imply less money available for further lending	30	75%	5	12.5%	0	0%	0	0%	5	12.5%
The loan amount should be balanced against the collection costs period and default risk	10	25%	20	50%	0	0	8	20%	2	5%
An effective and timely credit collection policy enables the company to reduce on the bad debt losses	16	40%	6	15%	8	20%	5	12.5%	5	12.5%
Credit standards reduce probability of loan defaulters thus creating funds for further lending	20	50%	5	12.5%	5	12.5%	8	20%	2	5%

Source: Primary data

The findings from the study presented in table 7 showed that 75% of the respondents strongly agreed that Settings of long credit repayment period would imply less money available for further lending to which 12.5% of the respondents agreed and 12.5% of the respondents agreed and 12.5% strongly disagreed. While 25% of the respondents strongly agreed to the fact that the loan amount should be balanced against the collection costs period and default risk to which 50% agreed, 20% disagreed and 5% strongly disagreed. It was also noted that 40% of the respondents were of the view that an effective and timely credit collection policy enables the company to reduce on the bad debt losses to which 15% agreed, 20% were not sure while 12.5% of the respondents disagreed and 12.5% strongly disagreed yet 50% of the respondents strongly agreed to the view that the credit standards reduce probability of loan defaulters thus for further lending a fact to which 12.5% agreed, 12.5% were not sure while 20% disagreed and 5% strongly disagreed.

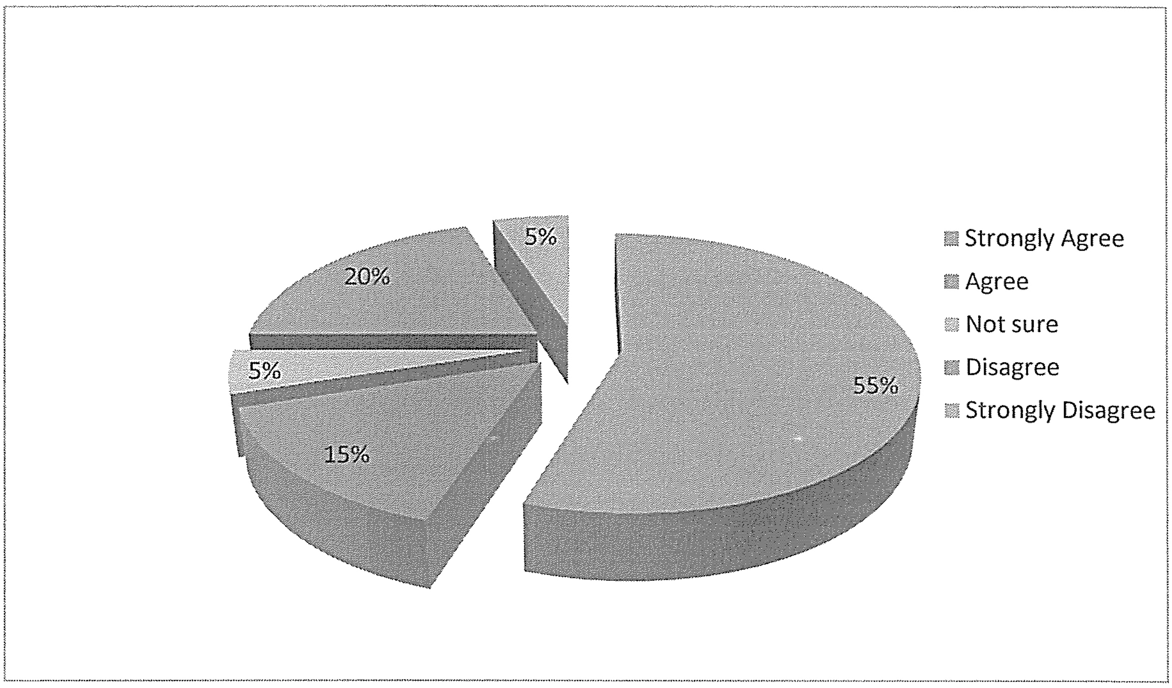


Figure 4: A pie chart showing whether there is an effect of the credit policy on the availability of credit to customers, *(Source: Primary data)*

The findings from figure 4 showed that 55% of the respondents strongly agreed to the fact that the credit policy has an effect on the availability of credit to the customers to which 15% agreed, 5% were not sure 20% disagreed while 5% strongly disagreed. The findings from this study therefore imply that the credit policy of an organization has a significant impact on the availability of credit to the customers.

4.2.4 Key elements that should be initiated in the credit policies of Cairo Bank Ltd.

Table 7: Findings about key elements that should be initiated in the credit policies

Key Elements	SA	A	NS	D	SD
Customer repayment capacity	15%	40%	20%	12.5%	12.5%
Character of the customer	25%	50%	0	20%	5%
Collateral availed by the customer	75%	12.5%	0%	0%	12.5%
Prevailing economic trends in the market	50%	12.5%	12.5%	20%	5%

Sources: Primary data

According to the findings from the study presented under table 8, the researcher found out that 15% of the respondents strongly agreed to the fact customer repayment capacity is one of the key elements that should be included in the credit policies of Cairo Bank to which 40% agreed and 20% were not sure yet 12.5% of the respondents disagreed the others strongly disagreed. The character of the customer was strongly agreed to by 25% of the respondents while 50% of the respondents agreed and 20% of the respondents disagreed and 15% strongly disagreed.

The collateral availed by the customers was strongly accepted by 75% of the respondents, 12.5% agreed while 12.5% of the respondents strongly disagreed with the fact that the collateral to be availed by the customer should be one of the key elements to be included in the credit policy of Cairo Bank. 50% of the respondents strongly agreed that the Bank Should take into consideration the prevailing economic trends in the market when designing the credit policy to which 25% of the respondents agreed 5% were not sure, 15% disagreed and 5% strongly disagreed.

The findings from the study therefore indicated that the collateral to be availed by the customer and the prevailing economic conditions should be the major key elements that should be included in the credit policy of Cairo Bank as this would help cater for the customer satisfaction.

4.3 Identifying the major factors that determine the bank's customer satisfaction.

Customer satisfaction refers to the measure of how the products and services provided by the organization surpass the expectations of the consumer. This section of the study seeks to identify the different factors that determine the customers' satisfaction in the bank.

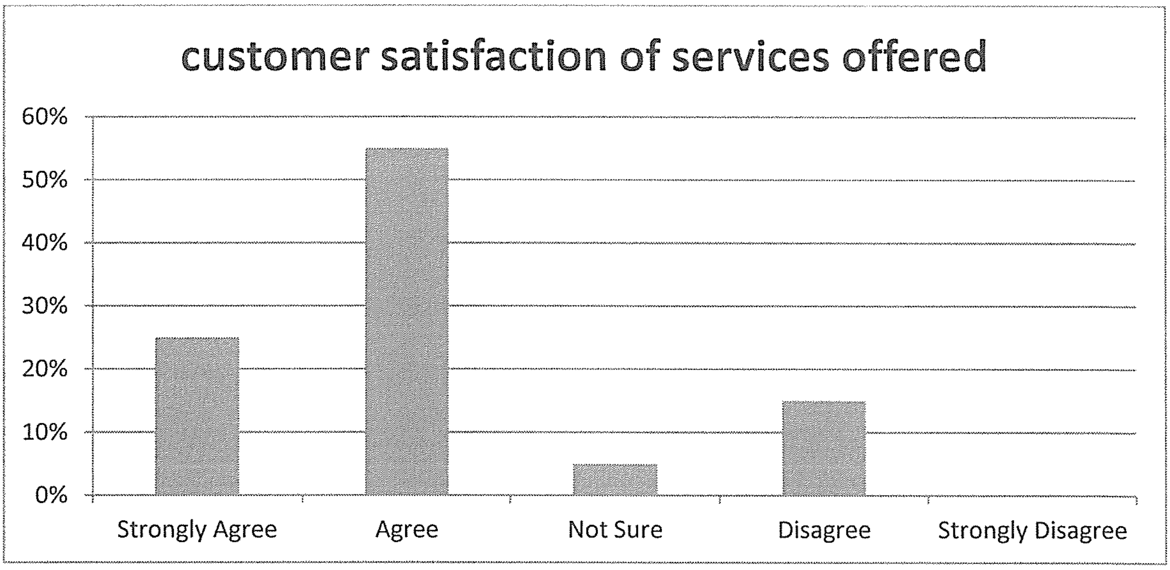


Figure 5: a graph showing ways of measuring customer satisfaction in Cairo Bank

The findings from figure 5 showed that 25% of the respondents strongly agreed to the fact that Cairo Bank has a way of measuring customer satisfaction to which 55% of the respondents agreed, 5% were not sure, 15% disagreed. The findings therefore imply that Cairo has ways in place to measure customer satisfaction as strongly agreed to by 80% of the respondents.

4.3.2 Key determinants of customer satisfaction in Cairo Bank Ltd

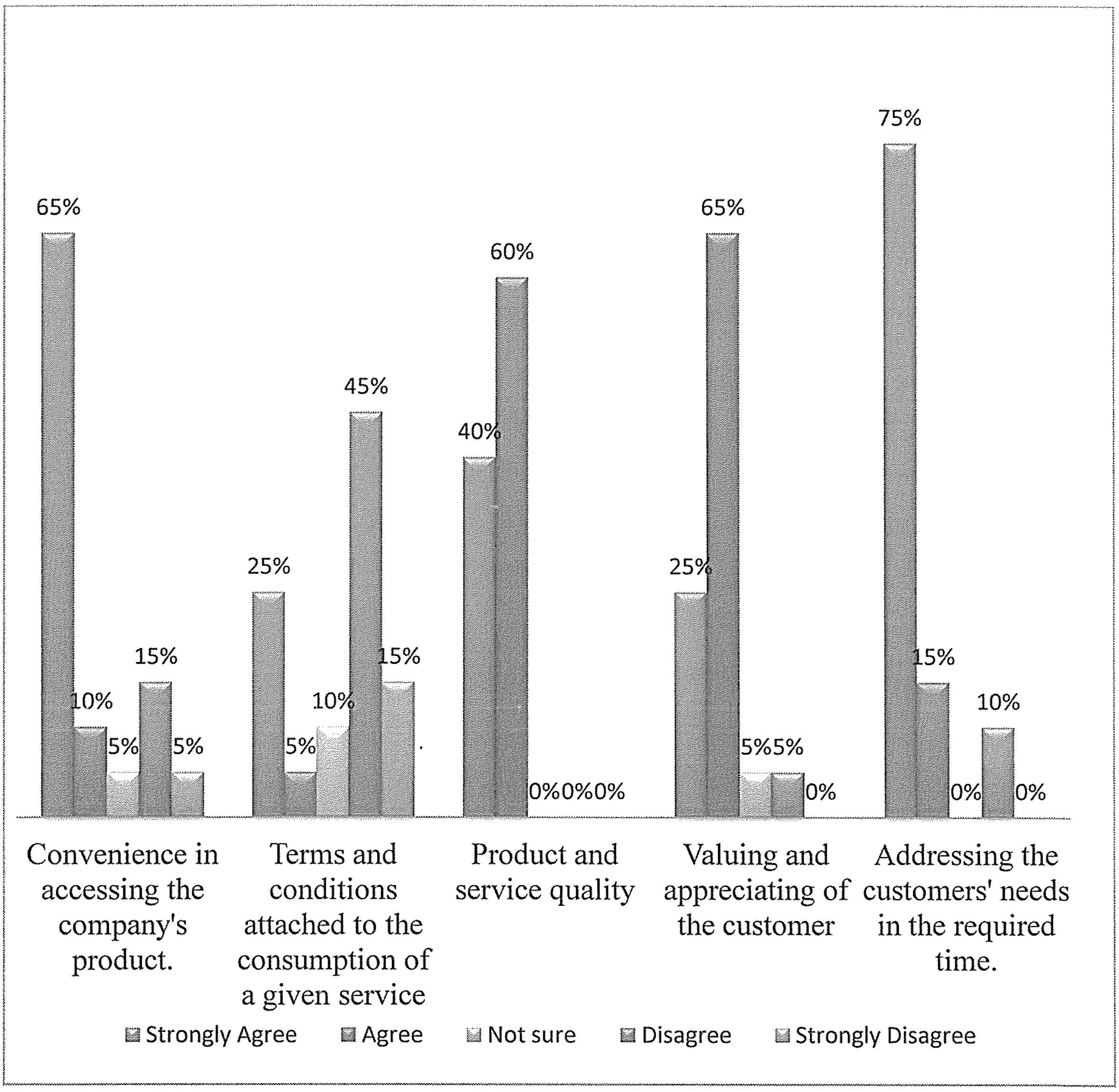


Figure 6: A line graph showing the key determinants of customer satisfaction in Cairo Bank

According to the findings presented under figure 6 of the study, 65% of the respondent's strongly agreed to the fact that Convenience in accessing the company's products is a key determinant of customer satisfaction to which 10% agreed, 5% were not sure 15% disagreed while 5% strongly disagree. The findings also revealed that the terms and conditions attached to the consumption of a given service do not matter much as this was only strongly agreed to by 25% of the respondents to which 5% agreed, 10% were not sure 45% disagreed while 15% strongly disagreed. The product/ service and quality ranked high on determining customer satisfaction as

40% strongly agreed and 60% agreed to it as a determinant of customer satisfaction. 25% of the respondents also strongly agreed to valuing and appreciating of the customers as a key determinant of their satisfaction to which 65% agreed, 5% were not sure, 5% disagreed. While 75% of the respondents strongly agreed that addressing the customers' needs in the required time is a key determinant of their satisfaction to which 15% agreed and 10% disagreed. This therefore means that the product quality, convenience in accessing the service, valuing and appreciating the customer and addressing the customers in time are the key determinants of the customer's satisfaction.

4.3.3 How the determinants of customer satisfaction measured

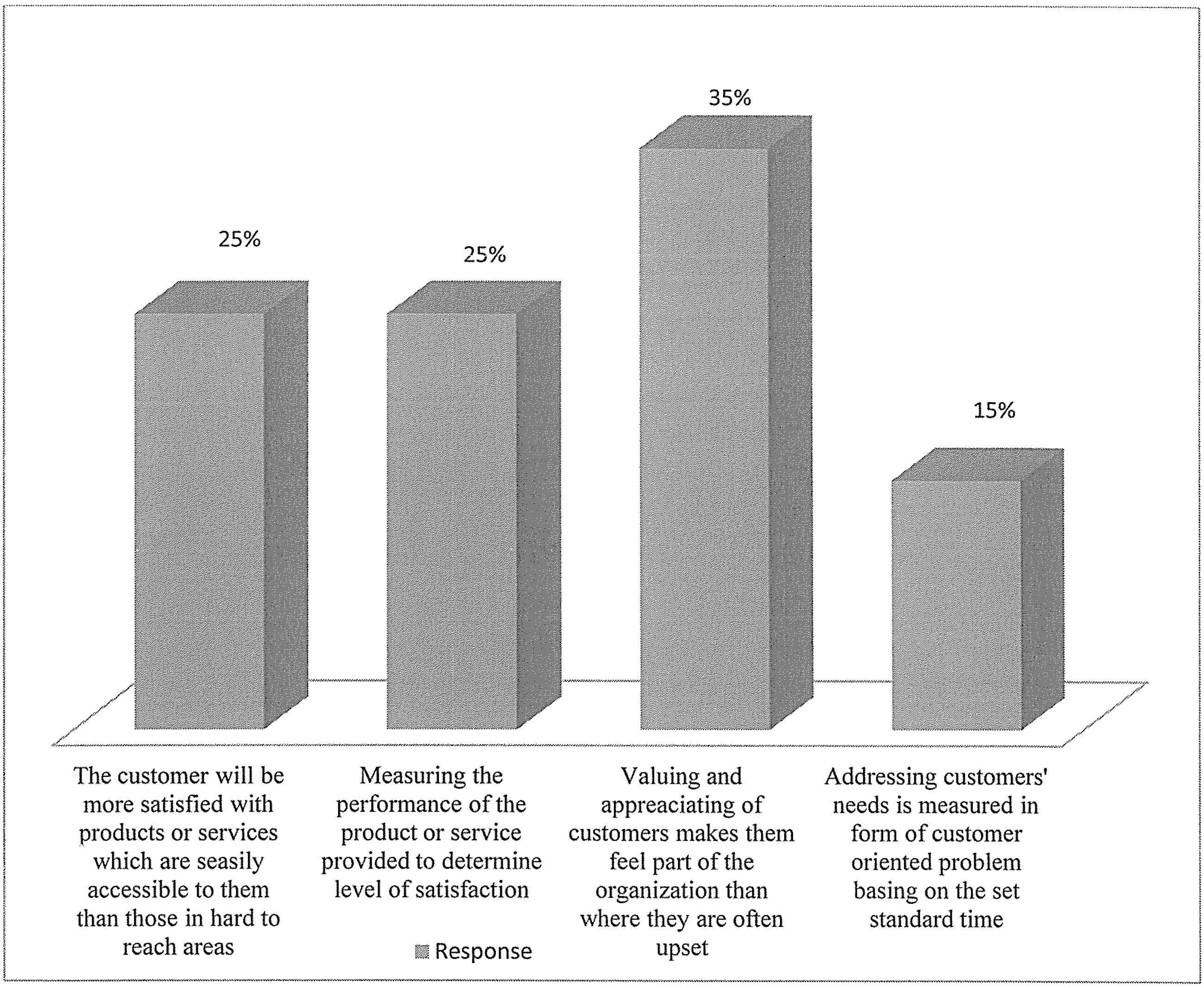


Figure 7: a column graph showing how the determinants of customer satisfaction measured.*(Source: Primary Data)*

The findings from the study show that 25% of the respondents said that the customer will be more satisfied with products or services which are easily accessible to them than those in hard to reach areas while 35% were of the view that Valuing and appreciating of customer makes them feel part of the organization than where they are often upset yet 25% of the respondents said that customer satisfaction can be measured through measuring the performance of the product or service provided to determine level of satisfaction while 15% were of the view that addressing customers' needs is measured inform of customer oriented problem resolution basing on the set standard time.This therefore means that Cairo bank has a way in which it can measure its customer's satisfaction.

4.4 The relationship between credit policy and customer satisfaction in the banking sector.

This section of the study seek to examine the relationship between the credit policy of a given organization and the level of customer satisfaction. It therefore seeks to establish the relationship between the credit policies of Cairo Bank ltd and customer satisfaction.

Table 8: establishing a relationship between the credit policy and customer satisfaction

Response	**Frequency**	**Percentage**
Strongly Agree	27	25%
Agree	7	40
Not Sure	11	10%
Disagree	22	20%
Strongly disagree	5	5%
Total	**108**	**100%**

Source: Primary data

According to the findings from table 9 of the study, 25% of the respondents strongly agreed to the fact that there is a relationship between the credit policy of an organization and the level of customer satisfaction to which 40% agreed, 10% were not sure and 20% disagree while 5% of the respondents strongly disagreed.

The findings therefore imply that there is a relationship between the credit policy of an organization and customer satisfaction and this has further been discussed below.

4.4.1 How the Bank's credit policy affects its customer satisfaction

Table 9: Showing how the Bank's credit policy affects its customer satisfaction

How the policy affects customer satisfaction	Frequency	Percentage
The credit period offered to the customer has a significant impact on the customer's satisfaction as short periods may not be enough for them to pay back the facility.	27	25%
High interest rates on customer borrowings negatively affect customer satisfaction	43	40%
The bank's collection policy be it or relaxed affects customers satisfaction in that when the bank tries to collect the outstanding balances, it negatively affects customer satisfaction	16	15%
Banks with credit policies that allow large amount of loans to be given to the customers will have higher customer satisfaction compared to those with low credit limits	22	20%
Total	**108**	**100%**

Source: Primary data

The findings presented under table 10 showed that 25% of the respondents said that the credit period offered to the customer has a significant impact on the customer's satisfaction as short periods may not be enough for them to pay back the facility, 40% of the respondents said that high interest rates on customer borrowings negatively affect customer satisfaction while 15% of the respondents were of the view that the bank's collection policy be it tough or relaxed affects customers satisfaction in that when the bank tries to collect the outstanding balances, it negatively affects customer satisfaction and 20% of the respondents argued that Banks with credit policies that allow large amount of loans to be given to the customers will have higher customer satisfaction compared to those with low credit limits. This therefore means that the rate of interest offered to the customers has a large impact on their satisfaction as some view high interest rates as being cheated.

4.4.2 Understanding whether effect of credit policy on customer satisfaction can be improved

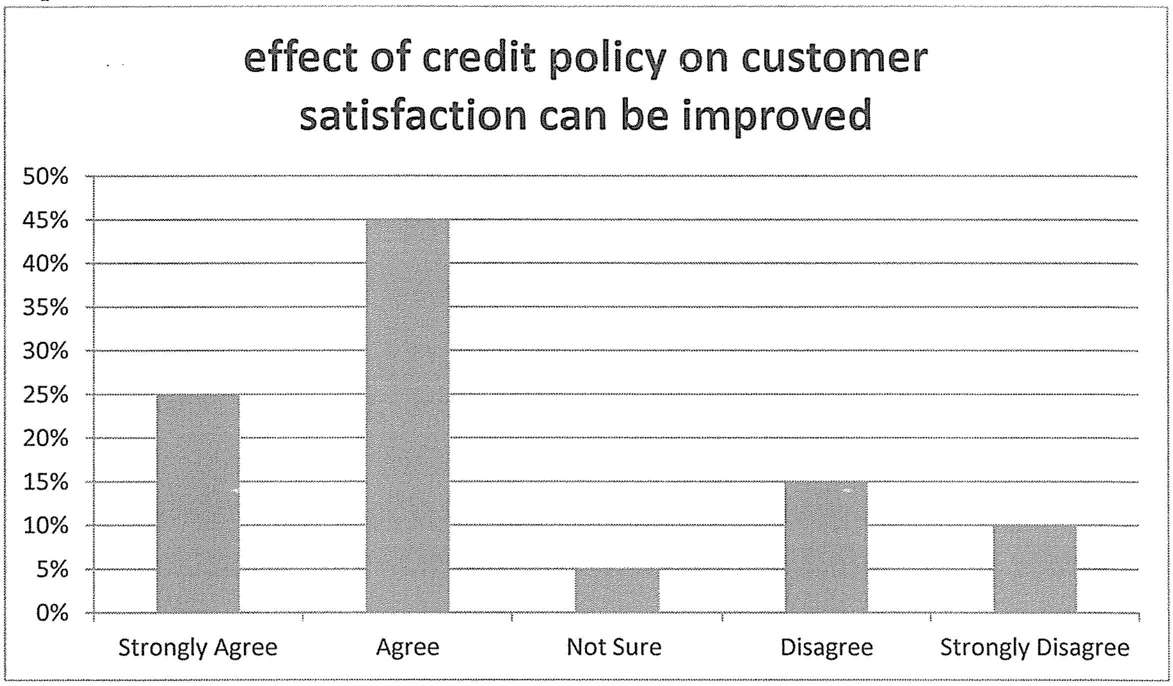


Figure 8: a line graph showing whether effect of credit policy on customer satisfaction can be improved, *(Source: Primary data)*

On whether the effect of credit policy on customer satisfaction can be improved, 25% of the respondents strongly agreed, 45% agreed, 5% were not sure, 15% of the respondents disagreed while 10% of the respondents strongly disagreed with the fact that the impact of credit policy on customer policy can be improved. This therefore implies that there can be an improvement on the impact of the credit policy on customer satisfaction and this can be through the ways discussed below.

4.4.3 What should be done so as to improve on impact of credit policy on customer satisfaction

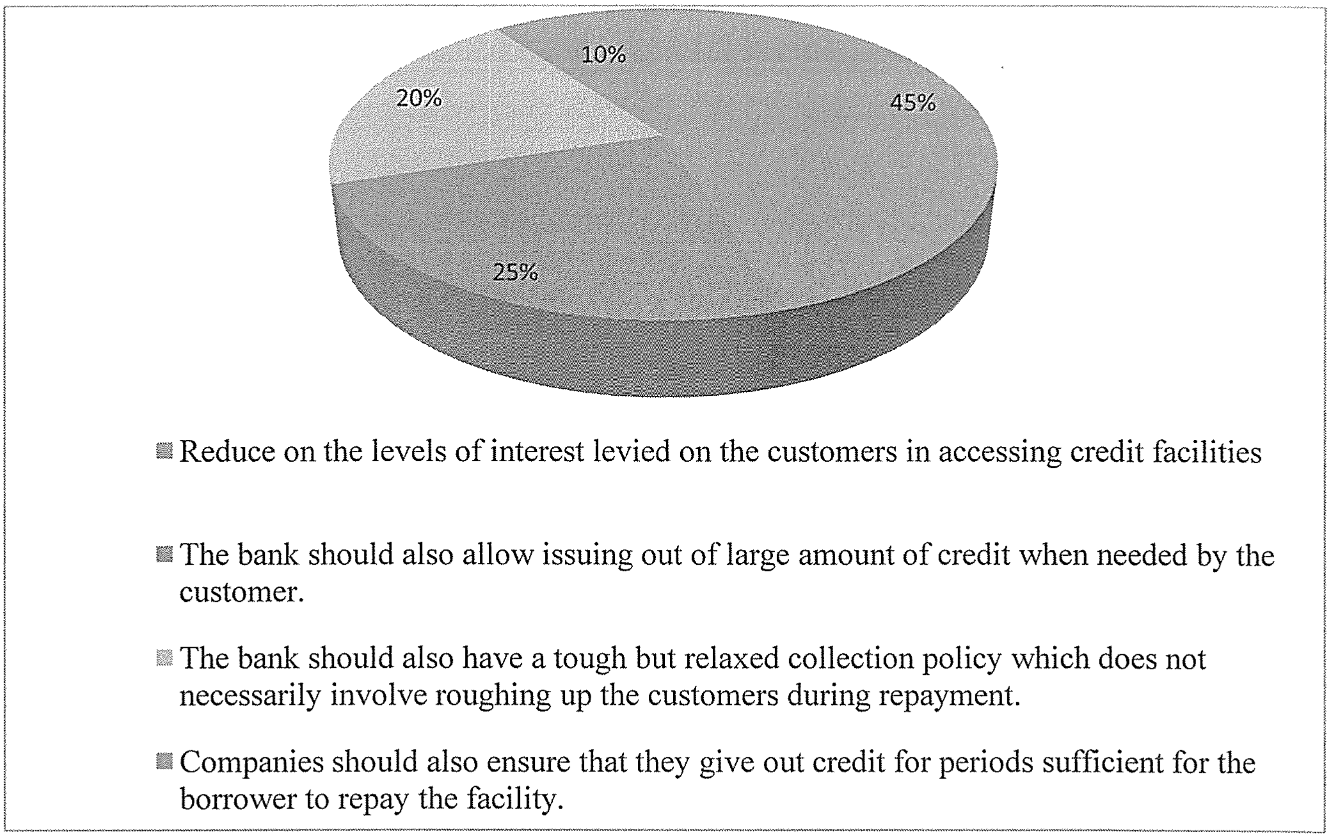


Figure 9: a Pie chart showing what should be done so as to improve on impact of credit policy on customer satisfaction, *(Source: Primary data)*

On what should be done so as to improve on the impact of the credit policy on customer satisfaction in Cairo bank, 45% of the respondents said that there should be reduction on the levels of interest levied on the customers while accessing credit facilities, 25% said that the bank should also allow issuing out of larger amounts of credit whenever needed by the customers yet 20% of the respondents were of the view that the bank should have a tough but relaxed collection policy which does not necessarily involve roughing up the customers during repayment and 10% of the respondents urged that the bank should also ensure that they give out credit for periods sufficient for the borrower to repay the facility.

In conclusion therefore, the credit policy of the organization has a significant impact on the satisfaction of the company customers in a way that it affects the amount available for further lending; however other factors such as convenience and Appreciating customer for having transacted with the bank have a significant impact on the satisfaction of the customers.

CHAPTER FIVE

DISCUSSIONS, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

This chapter presents the discussions and the findings from the previous chapters. It was on the basis of chapter four with reference to research objectives and the aid of literature review where the conclusions and recommendations were made. The objectives of this study were to establish the profile of the respondents (age, gender, education level, department, position, working experience) in financial institution, establish Key elements of credit policy for crane bank, to identify major factors that determine customer satisfaction.

The analysis, evaluation and interpretation of the data and information found on the field were correctly performed.

5.1.1 On establishing the key elements of credit policy for a bank

The researcher found out that Cairo Bank Ltd has policies in place to cater for customer borrowing and these policies included the credit period policy, this was also forwarded by Beane (2005) who said that Credit terms are stipulations that specify the duration of credit repayment period and terms of payment of borrowers. The lending rate policy which was also suggested by Goner and Bloein, (2002) who said that. Much as the risk premium may reduce the loan default rate, the shorter the repayment period, the more the disadvantage of squeezing out less risky applicants. The researcher also found out that the other policy applied in Cairo Bank is the credit collection policy and the policy on the credit terms to be extended to the borrowers and these policies affect the availability of credit to the borrowers in a way that setting of long credit repayment period would imply less money available for further lending while Credit standards reduce probability of loan defaulters thus creating funds for further lending. This was also a discussed by Karnusiime, et al., (2008) noted that the firms' collection policy is measured by its toughness or laxy in following up slow paying accounts to reduce on the default rise.

5.1.2 On identifying the major factors that determine bank's customer satisfaction

The researcher found out that commitment of management towards ensuring that customer satisfaction is kept as one of the key aspects of the Bank and to do this, the bank has ways in place to measure its customers satisfaction. It was noted from the study that the key determinants of customer satisfaction were Convenience in accessing the company's products and services, the product/ service and quality, addressing the customers' needs in the required time and valuing and appreciating the customer were vital determinants of customer satisfaction. This was also discussed by Javier (2002), who said that valuing customers is another customer satisfaction driven factor and advised companies to take care not to be closed-minded when it comes to their customer base.

5.1.3 To examine the relationship between credit policy and customer satisfaction in banking sector

the researcher found out that all the respondents agreed that there was a relationship between the credit policy and customer satisfaction in that policies which institute high interest rates on customer borrowings negatively affect customer satisfaction, Banks with credit policies that allow large amount of loans to be given to the customers will have higher customer satisfaction compared to thosewith low credit limits, while bank's collection policy be it tough or relaxed affects customers satisfaction in that when the bank tries to collect the outstanding balances through court procedures and litigations negatively affects customer satisfaction as discussed by Koch and MacDonald (2000), who said that effective credit policies help to harmonize the relationship between banks and its customers while Karnusiime, et al,, (2008) reported that there have been numerous efforts including embracing a credit policy taken by Cairo bank to manage credit extension and repayment to customers so as to improve on customer satisfaction and loyalty.

5.2 Conclusions

In conclusion therefore, from the study the researcher found out that the researcher found out that Cairo Bank Ltd has policies in place to cater for customer borrowing and these policies included the credit period policy, lending rate policy and the credit collection policy which affect the customers in such a way that Banks with credit policies that allow large amount of loans to be given to the customers will have higher customer satisfaction compared to those with low credit limits, while bank's collection policy be it tough or relaxed affects customers satisfaction in that when the bank tries to collect the outstanding balances through court procedures and litigations negatively affects customer satisfaction.

The researcher also found out that once the credit policies of the bank should be continuously harmonized with prevailing economic conditions so as to cater or the different customers while opening up other ways of satisfying their customers such as by Valuing and appreciating customers after transacting with them.

5.3 Recommendations from the study

Having carried out the study in the field and successfully completing the findings, the researcher came up with the following recommendations to help solve the research problem.

. The researcher found out that the has an up to date customer profile and different ways of measuring the satisfaction of their customers however the measures are not an end in themselves thus need to be harmonized and continuously monitored to ensure customers satisfaction.

The researcher also recommends that the company should not extend long credit repayment periods as this would imply that there will be less money available for further lending to the other customers. The credit period however should be sufficient enough for the customer to repay the loan and remain satisfied with the services received.

The researcher also found out that the major determinants of customer satisfaction are convenience in acquiring the product! service and the quality of the product! service. This therefore means that Cairo Bank should continuously aim at improving on the quality of the services rendered to the customers so as to ensure that the customers are satisfied all the time.

The researcher also recommends that Cairo Bank should desist from fixing high interest rates on customer borrowings as this negatively affects customer satisfaction. The Bank should however find ways of lending out to customers at minimal rates while putting in consideration the prevailing economic conditions.

The researcher also recommends that the bank should have a tough but relaxed collection policy which does not necessarily involve roughing up the customers during repayment in a way that the customer who is roughed up at loan repayment or taken to court over failure to pay in the long run is a lost customer thus left dissatisfied.

5.4 Suggested areas of further study

Furthermore, Cairo bank (U) Ltd should separate responsibility for related transaction, adopting job rotation on sensitive matters, adopting serially numbered documents, establishing the impact of customer appreciation on customer satisfaction to ensure all transactions are passed under clear channel policies of Cairo bank.

REFERENCES

Armstrong K.R (1993); *Financial Management* fifth Edition Allan and Baan, Boston United States of America.

Association of Micro finance Institutions of (Uganda AMFIU) publications 2002

Auronen, T. (2003). Issues in the risk modeling of retail markets: journal on banking and finance 28.

Balunywa W. (1995).Customer service and the business. Paper presentation, Uganda Investment Authority, pp.1-7.

Bategeka, L., &Okum, L. J. (2010).Banking Sector Liberalization in Uganda: Process, Results and Policy Options.

Beaney, S. (2005).Defining Corporate Finance.The Institute of Chartered Accountants –UK, United Kingdom.

Cairo Bank Annual financial report analysis 2011.

Edmiston.,(2003).The deterrent effects of complexity and uncertainly. William Davidson working paper 558.University of Michigan Business School.

Gorter. N. and Bloem, B. (2002).Asymmetric Information, Bank Lending and linplicii (nlracts: the winner's Curse. Finance Research Letter, 1,p24.

Harrison, C. and Pauline, J. (2006).Customer Relationship Management.5th Edition.U.S.A. Stuart Graduate School of Business.Jamier, L.(2002).Influence of Customer Care on Customer Satisfaction. 2iid Edition, .1.Wile& Son.Inc.

Kakuru Julius (2000), *Finance Decisions and Business,* Makerere university press.

Kakuru, J. (2005). *Financial Management* 5th Edition.

Kamusiime, T. et al., (2008).Analysis of Services offered by Commercial Banks in Uganda.Business Journal. Kampala, Vol.3(4), p.1 1-12

Kessler, S. (2003).Customer Satisfaction Toolkit for ISo 9001.2000. Milwaukee, Wis.: ASQ Quality

Kiwanuka, S. (2003). The effect of credit on the performance of small scale business .Unpublished Research Report.

Koch, D. and MacDonald, R. (2000).Financial innovation in (I. constantinides, in Harris.M and Stulz, R, ed.), Handbook of Finance. North Holland.

Kotler P and Gray, A. (1998) *Principles of marketing* (8th ed) New Jersey: prentice Hall incl.

Krejcie and Morgan (1970).Determining sample size for research activities, *educational and psychological meseaurement,* (30), 607-610.

Lipsey, R. (2005). An Introduction to Positive Economics.21d Edition, Walton Street Oxford Oxford University Press.

Messier.(2004). *Financial management* 4th edition, pitman publishers, London.

Millett, T. (2008).Examples of Good Customer Service- Ten (10.) Ways to Do Better. http:/JEZINEArticles.com/? exportTirn1Millett.

Montgomery, C. &Porter, M. (1991). Strategy, Seeking and Securing Competitive Advantage, McMillan publishers, London.

Murry, M. (2009).Key Dimensional Factors in Measuring Customer Satisf.tc 1ion. Retrieved from:http://www. About.com/rneasuring customer-satisfaction

Norman (2001), supervisory financial management principles and practice, 4th edition, Holt Rime hart, and illinston ltd. London.

Pandcy .I.M.(1995); *Financial Management* seventh Edition New Delhi India

Pandey, I.M. (1996), *Financial Management and policy*, 2nd edition, prentice Hall.

Pandey, M. (2004).*Financial Management,* 9th Edition. Vikas Publishing House. PVT

Pollack, K., Stuart, M., &Haka (2004), *The Review of Financial Management Principles*, 2nd Edition, Stanly Thane Great Britain.

Thou, L. (2004).*Lessonsof financial management,* 5th edition, business publications inc, Illinois, London.

Vani-lorne, J. (2002). *Financial Management and Policy*, 5th Edition, New Delhi Pearson. NewDeihi Publishing Ltd.

Wikipedia (2010).Customer Satisfaction. The Free Encyclopedia, retrieved from Wikipedia:Wood and Sangaster, (2005). Business Accounting, 10th Edition, Pitman Publishing Limited.

APPENDIX 1: RESEARCH QUESTIONNAIRE

Dear respondent,

I am Emmanuel Mbamba, a third year student pursuing Bachelor of international business administration of Kampala International University. As part of my academic requirement, I am carrying out research on the topic "The Impact of credit policy on customer satisfaction" with the case study of Cairo international Bank Ltd. You have therefore been purposively identified as a resourceful person in providing the required information. The purpose of this research is purely academic and the information you will give will be anonymously treated with confidentiality.

SECTION A:

1.0 BACKGROUND INFORMATION

This section of the study brings out the background information of the informant so as to be able to determine the impact of this on the findings of the study, as per the levels of correspondence.

Please tick the appropriate choice

1.1 Gender

a) Male ☐ b) Female ☐

1.2 Age bracket

a) Below 20 ☐

b) 20 years to 40 years ☐

c) Above 40 years ☐

1.3 Department in the organization;

a) Company Clients ☐

b) Top management ☐

c) Operations/teller ☐

d) General Staff ☐

SECTION B

2.0 Establishing the key elements of a good credit policy for a bank.

The section outlines the key elements of a good credit policy for a bank. A credit policy refers to a procedure or policy established by the management of the banking to guide its labor force and personnel in making decisions while extending credit facilities to the customers.

2.1 In your view, do you think Cairo Bank ha policies in place to cater for customer borrowing?

a) Strong Agree ☐

b) Agree ☐

c) Not Sure ☐

d) Disagree ☐

e) Strongly Disagree ☐

2.2 Which of the following are the different Credit policies applicable in Cairo Bank Ltd?

Credit Policy	**Agree**	**Disagree**	**Not sure**	**Total**
a) Credit period policy				
b) Policy on credit terms to be extended to the borrower				
c) Lending Interest rate policy.				
d) Credit collection policy				

2.3 Which of the following is the effect of the credit policy on the availability of credit to customers? Choose SA for Strongly Agree, A for Agree, NS For sure, D for Disagree and SD for Strongly Disagree.

Response	SA	A	NS	D	SD
Setting of long credit repayment period would imply less money available for further lending					
The loan amount should be balanced against the collection costs period and default risk					
An effective and timely credit collection policy enables the company to reduce on the bad debt losses					
Credit standards reduce probability of loan defaulters thus creating funds for the lending					

2.4 Do you think the credit policy has an effect on the availability of credit to the customers

a) Strongly agree ☐

b) Agree ☐

c) Not sure ☐

d) Disagree ☐

e) Strongly disagree ☐

2.4 The following are the key elements that should be initiated in the credit policies of Cairo Bank Ltd? Choose SA for Strongly Agree, A for Agree, NS for Not Sure, D for Disagree and SD for Strongly Disagree.

Key Element	**SA**	**A**	**NS**	**D**	**SD**
Customer repayment capacity					
Character of the customer					
Collateral availed by the customer					
Prevailing economic trends in the market					

SECTION C

3.0 Identifying the major factors that determine the bank's customer satisfaction.

Customer satisfaction refers to the measure of how the products and services provided by the organization surpass the expectations of the consumer. This section of the study seeks to identify the different factors that determine the customers' satisfaction.

3.1 Does Cairo Bank has a way of measuring customer satisfaction from the services offered?

a) Strongly agree ☐

b) Agree ☐

c) Disagree ☐

d) Strongly disagree ☐

3.2 Which of the following are the determinants of customer satisfaction in Cairo Bank Ltd?

Key Element	SA	A	NS	D	SD
Convenience in accessing the company's product					
Terms and conditions attached to the consumption of a given service.					
Product and service quality					
Valuing and appreciating of the customers.					
Addressing the customers' needs in the required time.					

3.3 How are the above determinants of customer satisfaction measured?

a) The customer will be more satisfied with products or services which are the easily accessible to them than those in hard to reach areas. ☐

b) Measuring the performance of the product or service provided to determine level of satisfaction. ☐

c) Valuating and appreciating of customers makes them feel part of the organization upset. ☐

d) Addressing customers' needs is measured in form of customer oriented problem resolution basing on the set standard time. ☐

SECTION D

4.0 Examining the relationships between credit policy and customer satisfaction in the banking sector.

This section of the study seeks to examine the relationship between the credit policy of a given organization and the level of customer satisfaction. It therefore seeks to establish the relationship between the credit policies of Cairo Bank Ltd branch customer satisfaction.

4.1 Do you think there is a relationship between the credit policy and customer satisfaction?

a) Strongly agree ☐

b) Agree ☐

c) Not sure ☐

d) Strong disagree ☐

e) Disagree ☐

4.2 How does the bank's credit policy affect its customer satisfaction?

a) The credit period offered to the customer has a significant impact on the customer's satisfaction as short periods may not be enough for them to pay back the facility. ☐

b) High interest rates on customer borrowings negatively affect customer satisfaction. ☐

c) The bank's collection policy be it tough or relaxed affects customers satisfaction in that when the bank tries to collect the outstanding balances, it negatively affects customer satisfaction. ☐

d) Banks with credit policies that allow large amount of loans to the customers will have higher customer satisfaction compared to those with low credit limits. ☐

4.3 Do you think the effects of credit policy on customer satisfaction can be improved?

a) Strongly agree ☐

b) Agree ☐

c) Not sure ☐

d) Strongly disagree ☐

e) Disagree ☐

4.4 Which of the following should be done to improve the impact of the credit policy on customer satisfaction?

a) Reducing on the levels of interest levied on the customers in accessing credit facilities. ☐

b) The bank should also allow issuing out of large amount of credit when needed by the customer. ☐

c) The bank should also have a tough but relaxed collection policy which does not necessarily involve roughing up the customers during repayment. ☐

d) Companies should also ensure that they give out credit for periods sufficient for the borrower to repay the facility. ☐

END

Thanks so much for your precious time in answering this questionnaire May God Bless you.