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ABSTRACT

The study examined the credit management and loans potfolio in Umwalimu SACCO, Rwanda . The objectives of the study included analyzing the effect of good credit management on financial performance of Umwalimu SACCO, examining problems faced in credit management in Mwalimu SACCO, and to explore steps taken by Mwalimu SACCO to improve credit management. A quantitative study was conducted whose population consisted of 140 objects from which a sample size 70 elements was selected. Questionnaires were used to collected data and the data were analysed using SPSS software package to generate descriptive statistics. The study findings revealed the effective credit management results in the ability to analyse credit bureau information and the adoption of credit scoring models; while the major challenges include internal and external fraud, bad debts, customer migration to competitors, lack of affordable funding, regulation of the industry and others the ciustomer illiteracy, inflation, unfair government policies. It was concluded that loans portfolio risks in Rwanda are therefore manageable with a combination of the SACCO industry understands risks in the industry and has the tools to manage these risks, it will enable them to ensure sustainability of their businesses as well as address financial needs of the lower income and of the market in Rwanda in the best possible way