

**ANALYSIS OF CREDIT RISK MANAGEMENT SYSTEMS OF SACCOS IN  
UGANDA 'A CASE STUDY OF WAZALENDO SACCO'**

**BY**

**SEYIGA RONALD**

**2012/HD06/469U**

**A RESEARCH REPORT SUBMITTED TO THE SCHOOL OF BUSINESS IN  
PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD  
OF A MASTER OF BUSINESS ADMINISTRATION DEGREE OF  
MAKERERE UNIVERSITY**

**OCTOBER, 2014**

## **ABSTRACT**

Sound lending procedures in financial institutions involve identifying high-risk loan applicants, modifying lending conditions such as security requirements and monitoring repayments. Many researchers have attempted to answer the benefits of the credit risk management. However, it has remained unclear for the Sacco's management on the influence of credit risk management practices on lending portfolio. The purpose of this study was to examine the influence of credit risk management practices on the lending portfolio of Sacco's in Uganda using Wazalendo as a case study. The study was carried out based on a sample of four selected Wazalendo branches located in Kampala, Wakiso, Masaka and Bombo districts taking into account the credit risk management systems and their portfolio. The results indicated a significant effect of risk management practices on lending portfolio except risk evaluation which did not register a significant effect on the lending portfolio of Wazalendo Sacco. The findings further showed that the Sacco has largely adopted risk management practices as a means of managing the portfolio. The study therefore recommends that the effect of risk mitigation measures on the performance of the portfolio should be evaluated critically before they are adopted to ensure only beneficial approaches are adopted. The researcher further recommends that the SACCO should analyze the contribution of the individual risk management activity with a view of understanding their effect on the performance of their portfolio. In doing so, the SACCO will be in a better position to develop risk management models and strategies that are effective