

**THE PRACTISE OF CREDIT ANALYSIS  
OF SELECTED COMMERCIAL BANKS**

**A RESEARCH PAPER SUBMITTED TO THE  
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## ABSTRACT

This research paper is undertaken with the hope to determine the factors that are taken into consideration by the credit analysis stage of evaluating a loan application. The writer however feels that she was unable to fully fulfill the objectives the best that she can. Only one type of loan from one sector , the housing sector , was taken as an example and so it was difficult to determine whether problem loans in this sector contribute to a higher uncollectable loans for the commercial banks as a whole. This information was however not given to the writer when interviewing the credit personnel at the banks.

As a whole, banks report an acceptable level of growth attained but in terms of problem loans, they still do occur. The repayment of loans has increased as declared, that is, many borrowers have been settling their loans consistently. However, the provisions for bad debts has also increased as well. The question remains whether more borrowers are seeking loans or that the bank is observing more problem loans in the coming years and providing for the bad debts now?

Much of the information researched for this paper came through interviews with several officers involved in credit control at selected commercial banks.

Magazines, books and journals on bank lending and credit management helped in giving ideas to write this paper.

It was found that banks are quite conservative in loan evaluation in a sense that they require security not only for housing loans but for other types of long term loans as well. All of the officers interviewed were found to be quite inexperienced; looking at their qualification and their working experience. This is only found strictly on the officers interviewed and does not reflect the experience of other credit officers at other banks.

The banking system also has to accomodate itself to changes too by providing the officers with the necessary skills in performing their work. Seminars and regular "meetings of minds" of their related field or otherwise, for the sake of exposure, helps motivates them as well as increase their awareness of newer techniques in credit analysis.

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