

THE INFLUENCE OF CREDIT CONTROL ON NON-PERFORMING LOANS IN MONEY DEPOSIT BANKS IN NIGERIA: A CASE STUDY OF FIRST BANK, UNITED BANK FOR AFRICA AND UNION BANK OF NIGERIA

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Abstract

This study examined the influence of credit control on credit facilities and attendance influence on non-performing loans. Secondary data was obtained from Central Bank of Nigeria's statistical bulletin and Nigerian Deposit Insurance Company and National Bureau of Statistics. These were analysed using EVIEW7. Two hypotheses were formulated and tested. The result of regression analysed established the coefficient of correlation to be 75.2% which indicate that there is a significant relationship between credit control and nonperforming loans. While t-test at 5% level of significance employed on the two hypotheses led to the rejection of the two null hypotheses with the implication that there is significant relationship between credit control and nonperforming loans. In addition, adherence to drawn down conditionality significantly affects nonperforming loans. We therefore recommend that policies already in place for the management of credit risk should be strengthened and subject to constant review, while procedures should be in place to enforce adherence to fulfilling loan conditionality before drawdown is allowed.

Key words: Bank credit, credit control, nonperforming loan, risk monitoring, credit facilities, payment term