Extent of utilization of credit management techniques in financial institutions: a case of mortgage finance companies in Kenya

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Abstract:

According to the balance sheet of many Financial Institutions in Kenya NPLS has continued to be a big problem. This has deviated management time towards implementation of better credit management techniques which will help to reduce the level of the NPLS. This study was aimed at establishing the techniques that are mostly used by mortgage companies in Kenya and why some are preferred than others. Primary data was collected from the mortgage companies based in Nairobi and secondary data from existing literature. The data was analyzed using descriptive statistics. The findings of the study revealed that the technique that is widely used in Negotiated Settlement perhaps because most people receive lump sum payments as a result of retrenchment, which is used to settle the account substantially. Certain limitations were encountered in the cause of the study such as inability of the respondents to answer some of the questions. Reluctances in accepting to give the required information by some respondents to answer some of the questions. Reluctances in accepting to give the required information by some respondents as well as lack of clear understanding of certain techniques.