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Effectiveness of Credit Risk Management Programs in Commercial Banks in Tanzania

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ABSTRACT

This study examines effectiveness of Credit Risk Management Programs in Commercial Banks in Tanzania and NMB Plc in Dodoma City was used as a case study. Specifically, the study aimed to assess the compliance with lending procedures in managing and controlling credit risk at NMB Dodoma, to investigate the efficiency of internal controls in managing and controlling credit risk at NMB Dodoma, to assess the effects of credit risk management on the financial performance of commercial Banks especially NMB in Dodoma. Descriptive research study was carried out, the research used a sample size of 87 respondents chosen from the study's four NMB branches in Dodoma City in order to generalize the findings to all commercial banks in Tanzania. A research questionnaire was used to collect data, and quantitative research methodologies were used to analyze the results. In order to establish descriptive information about the acquired data, frequencies and percentages were computed. The Statistical Package for Social Science(SPSS) was used to analyze the data acquired using multiple regression statistical analysis. The results showed that the majority of respondents indicated that credit risk management was not well implemented in Tanzanian financial institutions. It was discovered that Commercial banks have policies, procedures, and instruments for managing credit risk, but these measures aren't consistently followed. The strategies utilized to manage credit risks were poorly executed. There was a low level of awareness of credit risk management principles among bankers. The study concluded that there were a lot of weaknesses in management ofcredit risks including lack of strong risk management departments, weak rules and principles, unimplemented policies and biasness in the implementation of compensation. The study recommended that there is a need for training on credit risks to take place at work rather than offering generic training ongeneral issues and devaluing credit risk management in workplace organizations. Lastly suggesting areas for further studies to investigate the results of Tanzanian banks' deployment of automated technology. This will look at the potential risks brought on by these new technologies in more detail.

Keywords — Credit risk, management programs, financial performance, commercial banks

INTRODUCTION

Since its independence in 1961, Tanzania has adopted a number of economic policies, but the Arusha Declaration, whose central concept was Ujamaa, was the most significant (socialism). Among the privately held businesses that were nationalized at this period were banks. When the Economic Recovery Programme (ERP) was introduced in 1986, the Tanzanian government (GOT) began making important economic adjustments (ADF, 2000). The financial reforms came into force after the Banking and Financial Institutions Act (BFIA) was adopted in 1991. Along with this, the Bank of Tanzania strengthened its role in overseeing and regulating financial institutions, liberalized interest rates, eliminated administrative credit allocation, reorganized state-owned financial institutions, especially banks, and allowed the entry of private (both domestic and foreign) financial institutions (Randhawa & Gallardo, 2003; URT, 2000 as cited by Kessy,

2011). The impact is increased by the funding procedure. For banks to make money from lending, credit risk management in financial institutions must be handled properly. According to studies (Wenner et al., 2007), effective credit risk management is required for financial businesses to continue operating and growing. Effective credit risk management solutions also minimize the percentage of loans that default, increasing interest income in contrast. A successful credit risk management strategy reduces credit risk, lowering loan losses (Richard et al., 2008).

Credit Risk Management

Credit risk is the present or future threat to profits and capital caused by an obligor's breach of any agreement with the bank or by the obligor's failure to uphold other obligations. The likelihood of losses as a result of a decline in the counterparty's or borrower's credit quality is known as credit risk. The possibility that a borrower would stop making loan payments, leading to default, is known as credit risk. Loss of principal and interest, disruption of cash flows, and higher collection expenses are risks that mainly hurt the lender. The loss may be complete or partial and may occur in a number of circumstances. The need for commercial banks to have a framework for risk management (CBK, 2013). Commercial banks also run the danger of having their profitability fluctuate since they cannot predict what percentage of their borrowers would fail. Every financial institution that extends credit does so at some level of risk. It provides loans to both people and businesses, and as a consequence, suffers some loan losses when certain borrowers don't make their loan repayments on time. The primary credit risk to the bank is the potential for loss due to the inability to recover securities underlying loans or the failure to collect principle, interest, or both (CBK, 2013). A few studies on the performance of the banking sector have been conducted in Tanzania. For examples, see Amin et al., Pastory & Mutaju (2013), Pastory & Kaaya (2013), and Quin & Pastory (2012) investigated how Tanzanian banks' asset quality positions were affected by their capital adequacy levels. Their study demonstrated a link between capital sufficiency and asset quality, meaning that an increase in credit risk would deteriorate capital ratio, using a panel data set from 33 banks over a six-year period. The financial crisis linked to banks has been demonstrated to be caused by credit risk. Among the dangers that banks face, it is the most important. Studies and research have indicated that credit risk management is essential for banks to operate efficiently. In order to reduce the possibility of loss due to improper management of the underlying risk indicators, managers operating in the best interests of the shareholders should manage credit risk. Finding the factors that influence credit risk and how they impact bank performance has been the topic of numerous studies. Specifically, the purpose of this study is to close thegap by addressing the significance of credit risk management in banking operations, utilizing a largersample size than the previous studies, and analyzing the variables that affect credit risk managementefficacy in Tanzanian commercial banks.

Conceptual Framework

It could be unable to distinguish between good and bad borrowers, in line with the idea of asymmetric information, which might cause problems with moral hazard and adverse selection. Banks have accumulated a large number of non-performing accounts as a result of poor selection and moral hazard. When evaluating the effectiveness of credit risk management in financial institutions, the following recommendations should be taken into consideration:

Adequate Credit Policies and Procedures

For the banks to consistently calculate loan loss provisions in line with bank policies and procedures, the bank's board of directors and senior management should make sure the banks have an acceptable credit risk assessment methodology and effective internal control in place (BIS, 2005). The effective management of the credit system, which is a critical component of the entire risk management system, is essential to the profitability of each bank and, ultimately, to the survival and expansion of the banking industry. There

should be an efficient management system in place to lower the number of borrowers who are behind on their loan payments due to asymmetric knowledge, adverse selection, and moral hazards (Basel, 1999; IAIS, 2003).

Customer evaluation

Of course, the bank will have to assess the worth of the security to determine whether or not the customer qualifies for a credit line (Davies & Kearns, 1994). The bank expects some level of financial forecasting and in-depth market research to permit the possibility of creating some kind of market prediction, even if the bank applies different lending rules (Konyimbih,1996). The aforementioned recommends that, in order to ensure prompt loan repayment, the bank must evaluate the borrower's traits and compatibility prior to giving credit to a client (Basel, 1999). As was previously said, evaluating borrowers to assess loan eligibility is essential for credit management since it informs the lender of the likelihood that the money will be recovered.

Appropriate Credit Controls

Ongoing credit assessments shows that banks must be promptly shared with top management and the board of directors. The loan-granting function must be appropriately managed by banks, and credit exposures must be maintained at acceptable limits that are consistent with prudential regulations and internal constraints. In order to make sure that any deviations from policies, procedures, and restrictions are reported immediately to the appropriate level of management, banks should establish and implement internal controls as well as other methods. Banks must have a procedure in place for handling circumstances involving questionable credit and other workouts.

Borrowers Monitoring

It necessitates creating an environment that encourages credit risk, operating by utilizing a reliable credit-granting strategy, maintaining an acceptable credit administration system with monitoring processes, and exercising sufficient control over credit risk (Basel, 1999; IAIS, 2003). The bank should monitor its credit exposures to identify such trends early (Christl et al., 2004).

Credit Risk Management Training for Employees

According to Ngirwa (2006), training is a process of learning in which individuals gain the information, skills, experience, and attitudes necessary to accomplish their organizational and personal objectives. Knowledge (K), skills (S), experience (E), and attitudes (A) are the components that are introduced here to denote the capacity that a student gains via training. Training is a crucial component since it enables employees to learn about a variety of workplace-related issues, such as workplace risks.

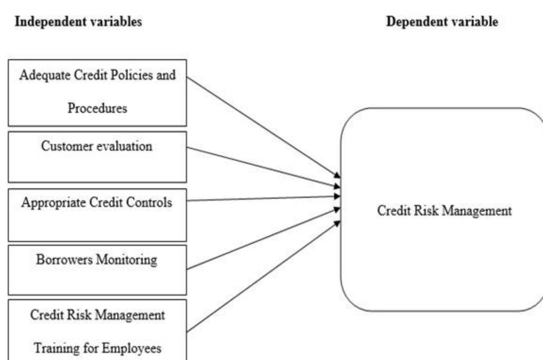

Figure 1. Conceptual Frame Work for Credit Risk Management

LITERATURE REVIEW

Only a few research papers on credit risk derivatives are now available, and although they lack quantitative data, they do provide a quick overview of the markets. The introduction of credit risk transfer systems and its impact on the financial stability of developing countries are discussed in the article. The study's methodology, which examined the credit risk environment and recent modifications to the Turkish banking sector, was based on historical research and readily accessible quantitative data. It implies that a robust market for credit derivatives serves as the basis for a diverse financial system to be able to support a successful recovery of the Turkish economy. American Jorion, (2009) examined "Risk Management Lessons from the Credit Crisis." The research demonstrates that perfect risk management implementation does not guarantee the absence of substantial losses. Even if every safety precaution is taken, there is still a chance of failure. Large losses are typically the result of a collision between bad luck and poor business choices. The variations in risk models have been tainted by the events of 2007 and 2008. The collapse ofrisk models was caused by the unexpected unknowns of model risk, liquidity risk, and counterparty risk for certain firms. Risk models failed in 2008 as a result of unknowns, such as structural and regulatory changesin the financial markets. Stress testing and scenario analysis should be prioritized, and the risk management system should be reinforced. It can only be practical with position-based risk measurements, which form the basis of contemporary risk management architecture. The necessity for risk management was heightened by the financial crisis. Research on risk management procedures in the banking industry was done in by Rebule Samson Maira (2014), who used the Commercial Bank in Tanga City as his main case study. The purpose of the research was to evaluate the risk management techniques used by Tanzanian commercial banks. Most commercial banks continue to struggle with risk management, the research claims, seeming to be trapped in a vicious cycle that alternates between fast growth during the "good" times and a full halt when a crisis strikes once again. The results show that every single targeted bank consistently employs risk management strategies such as recommendations for risk reduction and suitable monitoring and supervision of banking operations. The research also discovered that there is a significant correlation between management practices, staff involvement, and risk management policies and how risk management is carried out in commercial banks. The results also demonstrated that profitability has a negligible yet significant impact on risk management practices. The results of the research show that in order for everyone to speak the same language and to communicate more successfully, mutual understanding is required. Business leaders should be able to compare their company's enterprise risk management procedure to a benchmark, make improvements to the procedure, and get their organization closer to the objectives they have set. Research on credit risk management and profitability in Swedish financial institutions was done by Aboagye &Otieku, (2010). The major goal was to determine if credit risk management had an impact on financial organizations' capacity for profit. They discovered that Basel II's implementation and the current global financial crisis have increased the importance of credit risk management in financial institutions. They arrived at the conclusion that financial institutions' capacity to manage the risk associated with lending, one of their primary sources of revenue, has an influence on how profitable they are. Khan & Ahmed, (2001) carried out a study on the risks connected with profit-sharing investment deposits. The purpose of the survey was to ascertain if bankers believed that these specific risks were more significant than other risks that financial institutions often encountered. The amount of risk is seen to be high, according to the findings of a poll on how various types of financing view risk. They came to the conclusion that a low degree of active risk management, as shown by the high perception of risks, may be indicated by the lack of internal procedures and controls for risk control, especially in the case of credit risk. Nelson, (2002) investigated the causes of non-performing loans and the commercial banking crisis in Kenya. One of their objectives was to investigate the measures taken by bank management to address the problem and the degree to which those measures were successful. Using a sample of 30 managers selected from the 10 biggest banks, the research found that the national economic crisis was seen as the most important external issue. It was believed that the customer's inability to provide crucial information throughout the loan application procedure was the main customer-specific factor. They found that non-performing loans had a significant role in the collapse of a number of Kenyan financial institutions since 1986. The study's conclusions indicate that Kenya's non- performing debt issue is mostly brought on by banks' allegedly lax debt collection practices. Haron & Hin,

(2007) examined commercial banks' exposure to credit risk. His goal was to determine whether credit risk is an important factor for banks to consider, given the complexity of certain products and the industry's relative youth. These components demonstrate that credit risk is a crucial factor for banks to take into account, in addition to the bank's fiduciary duties when acting as a custodian. He came to the conclusionthat, in the absence of any wrongdoing or negligence on the part of the bank, a bank may be considered tobe exposed to credit risk as a result of its management of a customer's funds, and the account holder may be considered to be bearing credit and market risks on the assets. He came to the conclusion that banks are more susceptible to credit problems than conventional banks. Kolapo et al. (2012) did research on credit risk and commercial banks' performance in Nigeria. The study used a panel data approach. The study used the NPL/TL, LLP/NPL, and TL/TD ratios to evaluate credit risk. ROA was the sole performance measuring statistic used in the study. According to the study, ROA and the TL/TD ratio are positively correlated, whereas NPL/TL and LLP/NPL are negatively correlated with ROA. Study on the management of creditrisk and profitability in Swedish commercial banks, Hosna et al. (2009) examined four important banks. He used ROE as their performance metric and CAR and NPL/TL as their credit risk indicators. He conducted regression analysis using a model. In contrast to the NPL/TL ratio, which had a significant negative impact on ROE, their research found that CAR had a little positive influence on ROE. Li & Zou (2014), performed research titled "Impact of Credit Risk Management on the Profitability of Commercial Banks: A Study of Europe." The research, which used CAR and NPL/TL ratio as credit risk indicators along with ROE and ROA as performance measures, included the 47 largest commercial banks in Europe. In contrast to theCAR, their findings indicated a substantial inverse relationship between the NPL/TL ratio and the panel data regression analysis model. Research on the impact of credit risk on commercial banks' profitability In Ethiopia study done by Gizaw et al. (2015), eight commercial banks participated in the study for a total of 12 years. The study included ROE and ROA as performance measures in addition to the credit risk indicators NPL/TL, CAR, TL/TD, and LLP/NPL ratios. LLP/NPL was considerable and beneficial toperformance, TL/TD was significant but had no bearing on performance, and NPL/TL and CAR were significant but harmful to ROE and ROA. Kithinji, (2010), performed analysis on the management of credit risk and profitability of Kenya's commercial banks. In this study, the performance metric utilized was ROA, while the credit risk indicators used were NPL/TL and TL/TA ratios. The regression study revealed no relationship between income, credit accessibility, and the percentage of non-performing loans. Kodithuwakku (2015), performed research on the impact of credit risk management on the effectiveness of commercial banks in Sri Lanka. In addition to ROA, the research included LLP/NPL, NPL/TL, LLP/TA,and LLP/NPL ratio as performance measures. The result reveals that non-performing loans and allowances have a detrimental impact on profitability. Kaaya & Pastory (2013) performed research on Tanzaniancommercial banks and credit risk using panel data analysis. In addition to using ROA and ROE as performance metrics, the research also used the LLP/TL, LLP/NPL, LLP/NPL, and NPL/TL ratios as credit risk indicators. According to the study, increasing credit risk typically has a negative correlation with corporate performance, which generally results in diminishing profit levels. The best and most often used measures of bank performance are undoubtedly ROE and ROA, while the NPL/TL, CAR, TL/TD, and LLP/NPL ratios are the most widely used measures of credit risk performance. A study on the risk toearnings or capital as a result of borrowers' late and nonpayment of loan obligations was conducted by Valsamakis et al. (2005), his goal was to determine whether the risk of non-payment would lead to loan default. He discovered that credit risk includes both the loss of principal arising from loan defaults and the loss of income caused by the industry's inability to collect projected interest earnings. Credit risk arisesfrom the possibility that the anticipated cash flows from advances and securities held will not be paid in full. He came to the conclusion that among all the dangers that businesses confront, credit risk is the deadliest. Mohammad (2008), conducted a study on risk management in the banking industry in Bangladesh. His main goal was to look at how much credit risk contributed to non-performing loans. He concluded that the root of the issue is the long-term accumulation of a large percentage of non-performing loans. According to him,the nation will lose its competitive edge in the worldwide wave of financial services globalization unless the NPL ratio can be reduced significantly. He came to the conclusion that it is crucial for lenders, borrowers, and policymakers to take lessons from the past experience and act accordingly because they have had two

decades of experience dealing with the NPL problem and much is known about its causes and solutions. The Kenyan commercial banking crisis was researched by Waweru & Kalani (2009), they discovered that the national economic downturn, fewer consumers with purchasing power, legal concerns, and other factors were some of the causes of non-performing loans in Kenyan banks. As this study recognizes, the ideas of nonperforming loans and loan delinquency are comparable. However, the study's focus and methodology are very different from those of Waweru & Kalani (2010). Muasya (2009), examined how non-performing affected Kenya's banking industry's performance loans during the global financial crisis. The results demonstrated that non-performing loans do have an impact on Kenyan commercial banks. Further examination of individual banks with assets worth more than Ksh. 25 billion revealed that, although non- performing loans have negative effects on interest income and profitability for 7 of the 13 analyzed banks,the asset quality of the entire banking industry has been improving and has now stabilized at 7.17%. Wanjiram (2010), explored the connection between Kenyan commercial banks' financial performance and their methods for managing non-performing loans. The study came to the conclusion that commercial banks must implement non-performing loan management procedures. Among other things, these practices include using procedures to resolve problematic loans, using adequate collateral, restricting lending to specific types of enterprises, loan securitization, and more. According to the study's further findings, there is a linkbetween non-performing loans management techniques and the financial performance of commercial banksin Kenya, which suggests that implementing these policies will boost these banks' financial performance. Kithinji (2017), examined the impact of credit risk management (measured by the ratio of loans andadvances on total assets and the ratio of non-performing loans to total loans and advances on return on total assets in Kenyan banks between 2004 and 2008). According to the study, the amount of credit and non- performing loans has little bearing on commercial banks' overall revenues. It is implied that factors other than credit and non-performing loans have an impact on bank profit. The findings of Kithinji (2017) support the need to take into account other factors that might affect bank performance. A study on the impact ofcredit risk management on the financial performance of Kenyan commercial banks was undertaken byMutua (2014). According to the study, 64% of respondents said that commercial banks' techniques for measuring financial success were influenced by non-performing loans. Numerous academic and research papers on credit risk management describe in chronological order how it affects the performance, profitability, sustainability, and competitiveness of the banking sector. Using the grey incidence analysis and the incidence identification approach, industrial and macroeconomic factors have an impact on banks' impaired loan ratios (Jia, Wen, & Chuan-Min, 2009). According to the report, the impaired loan ratio varies depending on the macroeconomic factors and the influence of various industries. A credit risk assessment model for commercial banks based on the Fuzzy Probabilistic Neutral Network Model was also proposed by Tian (2008). It combines the Probabilistic Neutral Network and fuzzy mathematics' relative membership degree (PNN). Additionally, it has contrasted the comprehensive index and fuzzy comprehensive assessment. The objective result and a general manner of evaluation are provided by FPNN.

METHODOLOGY OF THE STUDY

The researcher used a descriptive technique that depends on surveys and observation to investigate the problem from an interpretive standpoint. The target population comprised by visiting 4 branches of NMB Bank in Dodoma City. The study targeted senior officers, department managers and bank operation personnel. In this study the researcher focused on using bank officers to get the targeted informationregarding the issue. The researcher selected the sample size of only 87 respondents in only four branches.The branches involved were; NMB Mazengo branch, Kambarage branch, Dodoma branch, and UDOM branch. A research questionnaire was used to collect data, and quantitative research methodologies wereused to analyze the results. In order to establish descriptive information about the acquired data, frequencies and percentages were computed. The Statistical Package for Social Science (SPSS) was used to analyze the data acquired using multiple regression statistical analysis in order to get valid data.

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Regression Model Equation

The following multiple linear regression models were specified for this study:

Multiple Regression Model for selected bank specific factors

$Y = a + \beta 1X1 + \beta 2X2 + \beta 3X3 + \beta 4X4 + \beta 5X5 + \varepsilon$

Where Y = Credit Risk Management on Financial Performance

a = Constant

β1- β5 = Regression coefficients

X1 = Adequate Credit Policies and Procedures

X2 = Customer evaluation

X3 = Appropriate Credit Controls

X4 = Borrowers Monitoring

X5 = Credit Risk Management Training for Employees

ε = error term

Findings of the Study

The results of effectiveness of credit risk management programs in commercial banks in Tanzania. Table 1 indicates that 'R' reveals the relationship between independent variables (Adequate Credit policies and procedures, customer evaluation, appropriate credit controls, borrowers monitoring, Credit Risk Management Training for Employees) and dependent variable (Credit Risk Management on Financial Performance). The rule states that, the closer the figure to 1 the stronger the relationship and vice versa. Therefore, with regard to this model, the relationship between the independent and dependent variable is strong with 0.79. This implies that the

Multiple Regression Analysis Result Effectiveness of Credit Risk Management Programs in Commercial Banks in Tanzania.

Table 1:Model Summary 1

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.79	20.6	70.6	90.171

Table 2: Model Summary 2

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	4.037	4	1.009	34.481	0.000
	Residual	2.400	82	0.029		
	Total	6.437	86			
a. Dependent Variable: Credit Risk Management on Financial Performance						
b. Predictors: (Constant), Appropriate Credit Controls, Adequate Credit Policies and Procedures, Credit Risk Management Training for Employees, Customer evaluation						

Table 2 uses F – Statistics to tests for the overall significance of the hypothesis and regressor of the study. The regressor is significant at both 1% and 5% levels of significance. The rule says if the calculated F value is greater than the tabulated F value rejects the null hypothesis. Therefore, with regard to this model the F calculated is 34.481 while F tabulated or significant value is 0.000. Since F calculated is greater than F tabulated, so we reject the null hypothesis of no significance and conclude that Appropriate Credit Controls, Adequate Credit Policies and Procedures, model is further confirmed by an adjusted R2 of 0.609, which implies that 60% of the variation in the dependent variable is accounted for by the regresses. the model. The robustness and goodness of fit of the model is further confirmed by an adjusted R2 of 0.609, which implies that 60% of the variation in the dependent variable is accounted for by the regresses. model has a strong relationship and goodness fit; meaning that adequate credit policies and procedures, customer evaluation, appropriate credit controls, borrowers monitoring, credit risk management training for employees, has a positive effect on the credit risk management on financial performance of banks. Equally, the model reveals an R2 of 0.607, meaning that about a 60% increase in the efficiency and productivity of microfinance banks is accounted for by the variables in the model while the remaining 40% is accounted for by other factors not captured by Credit Risk Management Training for Employees, and Customer evaluation has a significant effect on credit risk management on bank financial performance. Table 3 presents the effects of the independent variable (Adequate Credit policies and procedures, customer evaluation, appropriate creditcontrols, borrowers monitoring, Credit Risk Management Training for Employees) and dependent variable (Credit Risk Management on Financial Performance). But the magnitude of the effects is of varying degree. Appropriate credit controls have a very strong positive effect given a coefficient of 0.177. This indicates that appropriate credit controls will bring about a change in efficiency and productivity of bank credit risk management on financial performance by up to 18%. Similarly, customer evaluation has a strong positive effect given a coefficient of 0.175. This implies by evaluating customers base on borrower's traits and compatibility prior to giving credit to a client will bring about a change in efficiency and productivity ofbank credit risk management on financial performance by up to 17%. Meanwhile, Adequate credit policies and Procedures on financial performance has a relatively positive change of 0.096. This means the effective management of the credit system, which is a critical component of the entire risk management system, is essential to the profitability of each bank and ultimately to the survival and expansion of the bankingindustry will bring about a marginal change in efficiency and productivity of bank credit management on financial performance by up to 10%. However, based credit risk management training of the above table, Adequate Credit Policies and Procedures showed positive effects. Although the positive effects of such variables were revealed to be negligible and low, given coefficients of 0.04%. The multiple regressionresults have also revealed that the adequate credit policies and procedures is the most statistically significant of the repressors with a T – statistics of 8.310 at a 1% level of significance. Appropriate credit controls are also statistically significant with a T –statistics of 1.132 at a 1% level of significance. In the same veinCredit Risk management training for employee's commercial bank banks is also found to be statistically significant with a T – statistics of 0.000 at a 1% level of significance. Customer evaluation variable was found to be statistically significant at a 1% level of significance given T – statistics of 0.000. However, the general outcome of the multiple regression models (results) showed a positive effect between the independent and dependent variables.

CONCLUSIONS AND RECOMMENDATIONS

Four NMB Bank branches in Dodoma City were chosen as a sample in research to evaluate how well commercial banks in Tanzania handle credit risk. According to the findings, most respondents thought Tanzanian commercial banks had inadequately carried out operational risk management. It was found that the problem of adequate credit risk management was not dealt with in Tanzanian commercial banks.According to the results, the majority of respondents indicated that credit risk management in Tanzanian financial institutions was not adequately applied. There exist daily credit risks, however according to the survey participants, these risks are not well controlled using a daily risk-solving technique.

Table 3: Model Summary 3

Model	Coefficient	T. Statistics	Sig. Value
(Constant)	0.026	0.000	1.000
Adequate Credit Policies and Procedures	0.096	8.310	0.000
Customer evaluation	0.175	0.000	1.000
Credit Risk Management Training for Employees	0.045	0.000	1.000
Appropriate Credit Controls	0.177	1.132	0.261

a. Dependent Variable: Credit Risk Management on Financial Performance

In order to boost financial performance, the research urges Tanzanian commercial banks, organizations, stakeholders, and investors to invest in credit risk management and control. Because daily risks have an effect on both the working environment and customers of these institutions, they have an influence on the organizations. There is a need for training on credit risks to take place at work rather than offering generic training on general issues and devaluing credit risk management in workplace organizations. Employees who have taken credit risk management training will assist in controlling risks that might lead to business losses. The necessity of active insurance and compensation is highly valued by both businesses and employees. For clients, employers, and staff, these will foster a pleasant work environment.

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