

Relationship between Credit Management and Financial Performance of Listed Banks in Oman.

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ABSTRACT

Throughout the past few years, credit management and bank financial performance have become hot topics among accounting researchers. Studies from industrialized nations have contributed to the growing body of literature on these topics, though this may not be entirely accurate in the case of emerging economies. Thus, the study looked at how the Sultanate of Oman's chosen listed banks' credit management and financial performance related to each other. Data from selected listed banks in the Sultanate of Oman's annual reports and websites were generated. According to the study's findings, bank profitability declined between 2018 and 2022 because of declining interest margins and a poor correlation between credit management and financial performance in banks with Omani listings. The analysis also found that, because of the company's inability to repay loans, earnings declined between 2018 and 2022, resulting in a slight increase in total assets. As a result, the study concludes that the financial pattern across the banks in the bank sample seems to be inconsistent. Also, the data was analysed with help of statical tools like Excel, Dot CSV and smart PLS 3.0. Correlations and regression analysis was to establish relationship between independent and dependent variable. There has been significant relationship between Return on Asset and Credit management

INTRODUCTION

Financial performance is one of the metrics used to assess the success of banks in the Sultanate of Oman. Credit management is an action plan that banks follow to in order save themselves from overdue payments or customers defaulting on loans. We discover the connection between credit management and financial performance in this study. Planning of action and evaluating bank financial performance are both crucial for reducing risks.

Credit management implies overseeing credit deals to diminish credit hazard within the company. Credit directors' bargain with issues of expanded obligation due to deals receipt. They address to what degree it is fitting to bolster this increment and when it is essential to halt. Credit execution Administration requires that credit guidelines be built up for each homogeneous group of clients within the company. The article talks about the hypothetical plan of credit guidelines. Credit administration and money related execution are connected. We explore the relationship between credit management and financial performance in this study. Developing a business plan and evaluating the bank's financial performance is crucial to reducing risks.

Statement of the problem

In the Sultanate of Oman, one of the most important aspects of banks' operations is the connection between

credit management and their financial performance. The following formulation serves as the problem statement for this relationship:

In Oman, banks' capacity to successfully oversee their credit portfolios and the impact it has on their budgetary execution may be a challenging task. The issue is brought on by several factors that influence credit hazard administration and its impacts on benefit, soundness, and in general money related circumstance. The condition of the Sultanate's banks. The articulation of the issue alludes to non-performing advances and credit quality. Banks in Oman bargain with non-performing credits since of things like financial swings and borrowers' monetary hardships. The competitive environment is the moment issue articulation, The Omani keeping money industry is profoundly competitive, with various educate competing for a chunk of the activity.

Banks will have a competitive advantage in case they can viably oversee credit hazard, give competitive loaning rates, and keep a strong advance portfolio. In differentiate, banks with destitute credit administration may battle to draw in borrowers, which harms their capacity to create cash. The third issue is client relations, which is expressed as takes after: Due to this issue, there may be contact in connections with borrowers, which comes about in a misfortune of trade and income and may influence the bank's money related execution. Subsequently, hazard relief and maintaining great client relations must be adjusted for credit administration to be viable.

Study Questions:

1. To what extent, does credit management affect profitability indicators of listed banks in Oman?
2. What drives the relationship between credit management and profitability of listed banks in Oman?
3. What influences the relationship between credit management and asset size?

Study Objectives:

The broad objective of the study is to explore the relationship between credit management and financial performance of listed banks in Oman. The specific objective of the study as follows:

1. To evaluate the relationship between credit management and financial performance of listed banks in Oman.
2. To investigate the relationship between credit management and financial performance of listed banks in Oman.
3. To determine the relationship between credit management and asset size.

Scope the study:

The purpose of this inquire about is to explore with respect to crediting and its impact at Bank Muscat, Bank Dhofar, Ahli Bank, HSBC Bank, and National Bank of Oman and its relationship to financial performance and financial performance examination pointers. This study seeks to throw light on the connection between credit management and financial performance in listed banks in the Sultanate of Oman as well as to offer a prospective analytical view on how the current crises may affect them in the future and their capacity to preserve financial stability. the study eucains the finding data during the period of study years that is from 2018 to 2022.

Significance of the Study:

This research will be especially important for banks located in the Sultanate of Oman, and it talks about the relationship between credit management and the financial performance of banks in the Sultanate of Oman,

and this research will be important for banks and protect banks from problems and with focusing sentence:

PREVIOUS STUDIES & LITERATURE REVIEW

Introduction

This chapter attempts to compile relevant literature on the subject. This chapter also attempts to arrive at conceptual understandings by reviewing the literature that has already been published. It elaborates on the meanings of essential terms as given by many authors; these terms include financial performance and credit management policies. It also serves as a summary of the key concepts or problems that are already understood. It discusses earlier research, studies, and articles from books, newspapers, and journals that are pertinent to the subjects. It also shows how various writers and authors reacted to the subjects. It is an overview of previous writings and publications about the study.

Existing works (previous studies)

The most chance confronting a bank, as for other budgetary teach, is making credits and not recuperating them. Ponder the effect of credit administration on the operation of commercial banks (utilizing Value Bank Uruguay LTD as a case think about). The point of the think about was to discover the degree to which credit administration influences the monetary execution of commercial banks. Fifty-seven workers of the credit division at Value Bank shaped the target populace for the ponder. A test measure of fifty-seven labourers was gotten utilizing information from the entire populace. The think about included the whole think about populace and utilized a purposive testing strategy. Members were given surveys to total the introductory information together. To look at the information, clear and inferential insights were utilized. Kagwere and Shukla (2016). Clients evaluate and screen credit perils, concurring to the report. Sera, Mipaka, M-Yabari, and Collins (2018). The execution of value banks was impacted by collection arrangement. The investigate built up that their companionship could be a steady budgetary result for the client, and the credit hazard and collection approach of the bank are assessed and observed. The study also showed the importance of customer opinions and the policy of tracking and collecting credit risks. The financial position of the bank. Collection procedures were shown to have a significant impact on financial performance and that a strict policy was more effective than a lenient policy in recovering debts. As a result, the study indicates that Equity Bank. And strengthen the strategy of consolidating these countries by making further adjustments for a successful recovery from strict to lenient debt policies. The effect of credit management dilution on banks' operational performance was examined by Mutisya (2015). the research It intends to investigate the effects of reducing credit risks that currently jeopardize commercial banks' profitability. The study uses a descriptive approach. Both essential and auxiliary sources of information were utilized within the examination. Auxiliary information is assembled through freely accessible bank papers, while questionnaires are utilized to urge essential information from different banks. Clear measurements, which incorporate rates, are utilized to examine information.

Literature reviews

Credit management:

For any organization that deals with credit, credit management is a crucial procedure. When conducted correctly, the procedure guarantees that the client will be paid for the services rendered. Credit management procedures are the tactics an organization uses to make sure that its credit level is appropriate and that it is managed well, according to Myers and Brealey (2017). It could be a component of money related management, which too incorporates credit investigation, credit rating, credit classification, and credit announcing.

According to Anderson (2015), credit management refers to the procedures a company does to control the sales it makes on credit. Since some companies have managed their credit activities so successfully that they have no credit risk, it is a necessary practice for all businesses that have credit transactions.

Financial Performance

Financial performance, which is primarily assessed using profitability, capital adequacy, and liquidity indicators, represents the state of the company's finances during an uncertain time, either in terms of growing assets or distributing funds. Financial records, such as balance sheets and profit and loss reports, can accurately depict a company's accomplishments during an uncertain time if they are organized. This criterion will be applied to evaluate a company's performance (Saputra & Lina, 2020). Managers utilize financial performance, specifically profit, as a yardstick for a company's accomplishments. Furthermore, it illustrates how well assets are implemented in terms of the advantages realized when comparing net income after taxes (Wicaksono, Amah, & Devi, 2021). A company's financial success is an accomplishment over a specific period that indicates how well-off the business is (Endhiarto, Andani, & Nusbantoro, 2022).

Return on Assets (ROA) Ratio Before and During COVID-19

The COVID-19 epidemic had a devastating shock and severely damaged bank health and financial performance. Multinational corporations' financial success is gauged by Return on Assets (ROA), which takes profitability and investment prospects into account. Additionally, it facilitates the understanding of the connections between companies and retail banks, which helps develop strategies to counteract intense rivalry. Research has indicated variations in return on assets (ROA) between pre-pandemic and post-pandemic for telecommunications firms and enterprises listed on the Indonesia Stock Exchange (IDX). Based on ROA ratios, the Indonesian State Bank (BNI) also displayed variations in its financial performance.

Return on Equity (ROE) Ratio Before and During COVID-19

Early in 2020, the COVID-19 epidemic, which started in China and quickly expanded throughout the nation, had a substantial negative influence on the economy and public health. As a result, financial performance across several industries, including banking, declined. A firm's financial health is described by its financial performance, and there is a strong correlation between ROE and company value. Research has revealed notable variations in BUMN Banks' financial performance, as determined by ROE, between pre-pandemic and pandemic periods. Noteworthy varieties were moreover found within the budgetary execution of tourism-related companies recorded on the Indonesia Stock Trade (IDX), as decided by ROE. The Return on Equity (ROE) ratio before and during the epidemic revealed variations in the financial performance of the Indonesian State Bank (BNI).

DATA ANALYSIS AND INTERPRETATION

Introduction

Banks are the main source of credit (loanable funds) for millions of individuals and families and for many government units. Global banks provide more installment loans to consumers (individuals and families) than any other financial services provider. Historically, banks have been known for the wide range of financial services they provide. Today's menu of banking services is rapidly expanding to include investment banking, insurance protection, financial planning, advising combined companies, selling risk management services to businesses and consumers, and many other innovative financial products. There are several types of banks, the most important of which are: retail banks, commercial banks, investment banks, credit unions, private

banks electronic banks, savings, and loan groups, after that, we will also shed light on how banks work:

Saving: Banks are the place where we keep and save money, or the intermediary through which we usually receive salaries or profits, and not only that, but the bank also invests and grows our money. The bank grows our savings by adding what it calls “return” to the account balance, and the return percentage is calculated from the value of the amount that was deposited. For example, if you deposit 10,000 Egyptian Pounds and an annual return of 3% is calculated, you will receive 10,000 Omani Rials plus three hundred Omani Rials after one year from the deposit date. The return is calculated and added to your balance monthly, so the size of your savings increases gradually over time, regardless of the return rate.

The bank offers an assortment of services and items to spare cash agreeing to wants of each client, counting reserve funds accounts, current accounts, time stores, certificates of store, etc. and what recognizes each of these items is the time and return figure. Current accounts help you complete most of your financial transactions easily, quickly, and from anywhere, through a range of products such as direct debit cards, check books, and others. As for savings accounts, they are your ideal choice if you want to save your money for a few days or a few months, as they help you grow your savings by adding a return in return for using your money to grant loans to other clients.

Money movement: As mentioned earlier, the bank not only holds your money for safekeeping but also uses it to grow your savings. Therefore, the bank records and follows up on all movements that occur on your account, whether withdrawals, deposits, or other transactions. When you issue a check, withdraw cash from an ATM, or pay a bill online, the bank deducts the value of these transactions from your account and adjusts the remaining balance accordingly. These records help facilitate the movement of funds. For example, if someone wants to transfer money to you through the bank, he will inform the bank of this, so that the bank will review the transferor’s account balances, deduct the amount to be transferred, and add it to the transferor’s account balance. The sender and addressee are not required to be customers of the same bank to complete the transfer process, thanks to local and international banking standards that have contributed to facilitating the movement of funds between various banks and countries.

Facilitating the movement of money helps facilitate and complete the simplest daily transactions for individuals. For example, when a customer uses a debit card to make purchases, the bank transfers money from his account to the store’s account with ease. The movement of funds to complete this simple process takes another form within the bank, where funds are transferred between different types of accounts and between several departments to ensure that transactions are completed correctly. There are other examples of money transfer, such as a person residing abroad transferring money to his family, or companies depositing employee salaries in the bank. Without the presence of banks, individuals would not have been able to complete these transactions with such ease.

Lending is the main means used by banks to provide credit facilities and liquidity to customers. Although there are many types of loans, their concept is very simple. The bank gives you a certain amount, if you pay the amount in installments plus an interest rate in agreement with the bank, which means that the bank gets an additional amount over the original value of the loan. A customer usually resorts to loans when he needs large amounts of cash to finance the purchase of a house or a new car. In this case, it is agreed with the bank to repay the value of the loan in equal installments for a specific period, for example 3,500 Omani Riyals per month over a period of 24 months. If you need small amounts of cash, the best solution is credit.

This chapter focuses on analyzing and interpreting data through data collected from the Muscat Securities Market for commercial banks listed in the Sultanate of Oman with special reference to Bank Muscat, Bank Dhofar, Al Ahli Bank, National Bank of Oman, and HSBC Bank from 2018 to 2022.

Data collection and resources

Credit management

Performing loans.

Bank Dhofar

Year	2018	2019	2020	2021	2022
Loans for customers	3,158,844	2,617,345	2,790,468	2,855,580	2,880,469

Source: MSM

Table 1: Loans for Customer BD

The table above indicates the operating loans at Bank Dhofar from the year 2018 to 2022. In 2018, the operating loans increased to 3,158,844 Omani Riyals, and in the other years from 2019 to 2022, the loans decreased, and the lowest performing loan was in the year 2019 at 2,617,345 Omani Riyals.

Bank Muscat

Year	2018	2019	2020	2021	2022
Loans for customers	7,828,485	7,712,193	7,707,204	7,830,398	7,967,470

Source: MSM

Table 2 Lonas for customer BM

The table above shows the operating loans at Bank Muscat from 2018 to 2022. In 2022, operating loans increased to 7,987,470 Omani Riyals, and in the other years from 2018 to 2021, loans decreased, and the lowest performing loans were in 2020, amounting to 7,707,204 Omani Riyals.

Ahli Bank

Year	2018	2019	2020	2021	2022
Loans for customers	1,870,677	2,054,986	2,218,877	2,005,703	2,015,603

Source: MSM

Table 3: Loans for customer AB

The table above shows the operating loans at Ahli Bank from 2018 to 2022. In 2020, operating loans increased to 2,218,897 Omani riyals, and in the other years 2018, 2019, 2021 and 2022, loans decreased, and the lowest performing loans were in 2018 at 1,870,677 Omani riyals.

HSBC Bank

Year	2018	2019	2020	2021	2022
Loans for customers	1,389,559	1,502,734	1,363,582	1,347,188	1,247,387

Source: MSM

Table 4: Loans for customer HSBC B

The table above shows HSBC Bank’s operating loans from 2018 to 2022. In 2019, operating loans increased to 1,502,734 Omani Riyals, and in the other years 2018, 2020, 2021 and 2022, loans decreased, and the lowest performing loans were in 2022, amounting to 1,247,387 Omani Riyals. Therefore, it is considered a good indicator for the bank itself.

National Bank of Oman

Year	2018	2019	2020	2021	2022
Loans for customers	2,809,707	2,801,557	2,887,862	2,928,115	3,169,679

Source: MSM

Table 5: Loans for customer NBO

The table above shows the operating loans at the National Bank of Oman from the year 2018 to 2022. In the year 2022, the operating loans increased to 3,169,679 Omani Riyals, and in the other years from 2018 to 2021 the loans decreased, and the lowest performing loans were in 2019 with an amount of 2,801,557 Omani Rials, and this is considered a good indicator for the bank.

Financial performance ratios

Bank Dhofar

Net profit

Year	2018	2019	2020	2021	2022
Net Profit	50,281OMR	30,244OMR	30,585OMR	25,123OMR	34,173OMR

Source: MSM

Table 6: Net profit BD

The table and graph above provide information about Bank Dhofar’s net profits from 2018 to 2022. The cash that the bank gains after deducting all costs, counting intrigued, charges, and other costs, is alluded to as net benefit. It decreased after 2018, and there was a slight increase in the years 2019, 2020 and 2022 and it decreased in 2021, as the highest profit was in 2018. The net profit was 50,281, and the most reduced profit in 2021 was 25,123.

Total assets

Year	2018	2019	2020	2021	2022
Total assets	4,213,490	4,325,845	4,257,023	4,438,786	4,317,332

Source: MSM

Table 7: Total assets BD

The table and graph above provide information on Bank Dhofar’s total assets from 2018 to 2022. As a result, the data shows that Bank Dhofar’s total assets increased in a comparable way in 2019 and 2022. Total assets are the total value of the company’s assets. As can be seen, total assets peaked in 2021 at 4,438,786 and fell to a low of 4,213,590 in 2018. As a result, it was discovered that Bank Dhofar’s total assets had increased, indicating both an improvement in the bank’s financial stability and a positive financial performance indicator. Consequently, the increase in total assets demonstrates the strength of Bank Dhofar’s financial performance. In addition to assisting the bank in maintaining its success, this enhances the industry’s perception of banking finance.

Total shareholders’ equity

Year	2018	2019	2020	2021	2022
Total shareholders’ equity	698,162	686,155	695,854	698,519	717,077

Source: MSM

Table 8: Total equity BD

Data on Bank Dhofar’s total equity from 2018 to 2022 can be found in the table and graph above. The total amount that investors have contributed to the company in exchange for shares is referred to as equity. Consequently, the graph shows that in 2020 and 2021, Bank Dhofar’s total equity increased. It is evident that the total equity decreased to 686,155 in 2019 and reached its peak in 2022 at 717,077. Taking this into account, it was discovered that Bank Dhofar’s total equity had increased, indicating both an improvement in the bank’s financial strength and a positive financial performance indicator. The rise in total equity further indicates Bank Dhofar’s sound financial standing and track record of accomplishment in the banking and finance industries.

Return on equity (ROE)

Year	2018	2019	2020	2021	2022
ROE	7.20%	4.41%	4.40%	3.60%	4.77%

Source: Author Own

Table 9: ROE BD

The table above shows the return on equity ratio for the five-year period from 2018 to 2022. ROE peaked at 7.20% in 2018 and declined to 3.60% in 2021, which is little changed from what has been happening. The highest return was in 2018 at 7.20%. The lowest return was in 2020 at 3.60%, and we conclude that the

decline in the period 2021 was due to the world emerging from the outbreak of the Corona pandemic at that time.

Return on assets (ROA)

Year	2018	2019	2020	2021	2022
ROA	1.193%	0.69%	0.71%	0.56%	0.79%

Source: Author Own

Table 10 ROA BD

The table shows the return on assets ratio for the five-year period from 2018 to 2022. In 2018, the return rate reached 1.193% and decreased in the years from 2019 to 2022, and a slight increase branched out in the years 2020 and 2022 towards 0.71% and 0.79%. These ratios show that Bank Dhofar can achieve profits. Using its assets, and if the ratio decreases, the bank must reduce its assets, but it cannot do so.

Bank Muscat

Net profit

Year	2018	2019	2020	2021	2022
Net Profit	168,790	185,203	163,358	189,625	200,753

Source: MSM

Table 11: Net profit BM

The graph and table above provide specifics about Muscat Bank’s net profit from 2018 to 2022. “Net profit” is the amount of money a bank has left over after deducting all its expenses, taxes, and interest from its revenue. The graph shows that the net profit of Bank Muscat increased by two times between 2018 and 2022. The data shows that net profit peaked in 2022 at 200,753 and then again in 2019 at 185,203. Consequently, two indicates an increase in Muscat Bank’s net profit, proving that two is a positive financial figure.

Total assets

Year	2018	2019	2020	2021	2022
Total assets	12,288,039	12,290,608	12,453,765	13,072,538	12,775,982

Source: MSM

Table 12: Total assets BM

Details of Bank Muscat’s total assets from 2018 year to year 2022 are given in the table and graph above. The total value of a bank’s assets is alluded to as add up to assets. As a result, the chart demonstrates that within the period from 2018 to 2021, Bank Muscat’s total assets expanded. Total assets were high in 2021 at 13,072,538 and low in 2018 as we saw, but in 2022 the total value of the bank’s assets decreased at 12,775,982.

Total shareholders’ equity:

Year	2018	2019	2020	2021	2022
Total shareholders’ equity	1,927,742	2,002,636	2,043,648	2,150,844	2,232,124

Source: MSM

Table 13: Total equity BM

The table and graph above contain data about the total equity of Bank Muscat from 2018 to 2022. The amount investors put into a business in exchange for shares is referred to as total equity. As a result, the graph shows that between 2018 and 2022, Bank Muscat saw growth in total shareholders’ equity. It is worth noting that total property rights reached its highest level in 2022 at 2,232,124 and its lowest level in 2018 at 1,927,742. Consequently, it was discovered that Bank Muscat’s total equity held increased, indicating both an improvement in the bank’s financial strength and a positive financial performance indicator. Then the increase in the equity ratio is confirmed.

Return on equity (ROE):

Year	2018	2019	2020	2021	2022
ROE	8.75%	9.24%	7.65%	8.81%	8.99%

Source: Author Own

Table 14: Total ROE BM

The table above displays the return on equity for the five -year period from 2018 to 2022. The rate of return on shareholders’ equity reached 8.75% in 2018 and increased to 9. 24% in 2019, which was the highest return in 2019. In 2020, the lowest return was at7. 65%, and we extract the decline in the period 2020 due to the outbreak of the Corona pandemic.

Return on assets (ROA):

Year	2018	2019	2020	2021	2022
ROA	1.37%	1.50%	1.25%	1.45%	1.57%

Source: Author Own

Table 15: ROA BM

The table shows the percentage of return on total assets for the period from 2018 to 2022. The annual return on all assets decreased from 1.37% in 2018. Then the annual return increased to 1.50% in 2019. The highest rate of annual return on all assets is 1.57% in 2022. These ratios demonstrate a bank’s ability to turn a profit on its assets and continue to do so even if the ratio drops below a set threshold.

Ahli Bank

Net profit

Year	2018	2019	2020	2021	2022
Net Profit	38,786 OMR	31,015OMR	23,968 OMR	27,606 OMR	33,090 OMR

Source: MSM

Table 16 Net profit AB

The graph and table above include specific information about Ahli Bank net profits from 2018 to 2022. As we see in the graph, the net profit at National Bank of Oman began to grow gradually from 2018, then we see that it declined sharply in 2020, Then it started to grow again regularly, and the net profit reached its peak at 38,786 OMR in 2018 based on clear data.

Total assets:

Year	2018	2019	2020	2021	2022
Total assets	2,290,390	2,518,527	2,702,477	3,052,556	3,075,466

Source: MSM

Table 17: Total assets AB

Good data about the total assets of the Ahli Bank from 2018 to 2022 is shown in the table and graph above. Considering this, the charts show that during the period from 2018 to 2022, National Bank of Oman’s total assets increased significantly. Total assets peaked in 2022 at 3,075,466 while it was significantly lower in 2018 at 2,290,390. As a result, it has been demonstrated that Ahli Bank’s total assets are rising steadily, a sign of the business’s strong financial stability and promising financial performance. Thus, the rise in total assets shows that Ahli Bank’s operations have produced strong financial results, which contribute to the bank’s ongoing commercial success.

Total shareholders’ equity:

Year	2018	2019	2020	2021	2022
Total shareholders’ equity	358,980	389,195	388,350	426,497	460,939

Source: MSM

Table 18: Total equity AB

The table and graph above contain data on Ahli Bank’s total equity from 2018 to 2022. The amount investors put into National Bank of Oman in exchange for shares is referred to as total equity. As a result, the graph indicates that between 2018 and 2022, Al Ahli Bank’s gross equity margin increased. We can see that total equity peaked in 2022 at 460,939 and reached a minimum in 2018 at 358,980. Consequently, the expansion of National Bank of Oman’s total equity was observed, signifying a favorable financial performance signal and a rise in the bank’s financial stability.

Return on equity (ROE):

Year	2018	2019	2020	2021	2022
ROE	10.80%	7.69%	6.17%	6.47%	7.17%

Source: Author Own

Table 19: ROE AB

Ahli Bank’s return on equity data is displayed in the table and graph above for the years 2018 through 2022.

Return on shareholders' equity is calculated by dividing a company's net income by its equity. As a result, the rate of return on equity will fluctuate between 2018 and 2022. Considering it becomes clear that the return on shareholders' equity was the largest in 2018, reaching 10.80%, and the worst in 2020, when the total ratio reached 6.17%. Furthermore, the Ahli Bank's 2022 ratio of 7.17% indicates a marginal success in its operations. Business. Thus, the average value of return on managed shares contributes to the growth of Ahli Bank's operations, strengthens the bank's balance sheet, and expands its listing potential.

Return on assets (ROA):

Year	2018	2019	2020	2021	2022
ROA	1.25%	1.23%	0.88%	0.90%	1.07%

Source: Author Own

Table 20: ROA AB

Profit on Assets (ROA) is an additional metric utilized to indicate the profitability of banks. The graph above makes it evident that the rate of return on assets (which measures how well the bank's management can generate profits with the resources at its disposal) peaked in 2018 at 1.25% and fell to a low point in 2020 at 0.88%. The effectiveness with which financial procedures are applied to produce income is another.

HSBC Bank

Net profit

Year	2018	2019	2020	2021	2022
Net Profit	31,366	29,234	(8,211)	18,332	26,709

Source: MSM

Table 21: Net profit HSBC Bank

Details of Bank HSBC's net profits from 2018 to 2022 are shown in the graph and table above. The term "net profit" depicts the cash a bank wins once it subtracts all costs, charges, and intrigued from the income it creates. The graph shows that in 2018, Bank HSBC's net profit increased by 31,366. But in 2020, according to the data, it led to a decrease in the bank's net profit to (-8211%) due to the epidemic that spread. After that, the bank's net profit increased gradually between the years 2021 and 2022.

Total assets:

Year	2018	2019	2020	2021	2022
Total assets	2,360,618	2,549,997	2,355,587	2,349,247	2,241,628

Source: MSM

Table 22: Total assets HSBC Bank

Details of Bank HSBC’s total assets from 2018 to 2022 are shown in the table and graph above. Total assets are the total value of a bank’s assets. As a result, the graph indicates that in 2019, Bank HSBC’s total assets increased by an amount of 2549997. After that, the total assets began to gradually decline, and in 2022, the total value of the bank’s assets decreased to 2,241,628.

Total shareholders’ equity:

Year	2018	2019	2020	2021	2022
Total equity	340,441	351,992	327,486	345,487	359,317

Source: MSM

Table 23: Total equity HSBC Bank

The table and graph above contain data on Bank HSBC’s total equity from 2018 to 2022. The amount investors put into a business in exchange for shares is referred to as total equity. As a result, the graph shows that between 2018 and 2022, Bank HSBC witnessed instability in the value of its total equity, meaning that it sometimes increased and then decreased in the next year. It is worth noting that total property rights reached its highest level in 2022 at 359,317 and its lowest level in 2020 at 327486. Consequently, it was discovered that Bank HSBC’s total equity in 2022 increased, indicating both an improvement in the bank’s financial strength and a positive financial performance indicator.

Return on equity (ROE)

Year	2018	2019	2020	2021	2022
ROE	9.21%	8.30%	(2.50%)	5.30%	7.43%

Source: Author Own

Table 24: ROE HSBC Bank

The table above shows the return on shareholders’ equity for the period from 2018 to 2022. The highest rate of return on shareholders’ equity reached 9.21% in 2018 and then began to decline to 8.30% in 2019. The lowest return was recorded in 2020 at -2.50%, and we extract the decline in 2020 because of the coronavirus outbreak.

Return on assets (ROA):

Year	2018	2019	2020	2021	2022
ROA	1.32%	1.14%	(3.48%)	0.78%	1.19%

Source: Author Own

Table 25: ROA HSBC Bank

The table shows the percentage of return on total assets for the period from 2018 to 2022. The annual return on all assets decreased from -3.48% in 2020. Then the annual return rose to 0.78% in 2021. The highest annual rate of return on all assets is 1.32% in 2018. These ratios indicate if a bank can turn a profit on its assets and, if the ratio drops below a preset threshold, whether it can continue to do so.

National Bank of Oman

Net profit

Year	2018	2019	2020	2021	2022
Net Profit	50,608	51,431	18,148	30,277	48,211

Source: MSM

Table 26: Net profit NBO

The chart and table above include specific information about National Bank of Oman’s net profits from 2018 to 2022. As we see in the graph, the net profit at the National Bank of Oman began to grow gradually from the year 2018, then we see that it declined sharply in 2020, then it began to grow again regularly, and the net profit reached a peak of 48,211 based on clear data.

Total assets:

Year	2018	2019	2020	2021	2022
Total assets	3,572,922	3,644,694	3,632,651	4,081,067	4,294,080

Source: MSM

Table 27: Total assets NBO

Good details about National Bank of Oman’s total assets from 2018 to 2022 are shown in the table and chart above. Considering the graphs show that during the period from 2018 to 2022, National Bank of Oman’s total assets increased exponentially. Total assets peaked in 2022 at 4,294,080 while bottoming out in 2018 at 3,572,922. As a result, it was discovered that the National Bank of Oman’s total assets had been rising steadily, a sign of the business’s strong financial stability and positive financial performance. As a result, the rise in total assets shows that National Bank of Oman’s operations have produced strong financial results, which contribute to the bank’s ongoing commercial success.

Total shareholders’ equity:

Year	2018	2019	2020	2021	2022
Total shareholders’ equity	536,490	553,850	530,233	555,455	640,834

Source: MSM

Table 28: Total equity NBO

The table and graph above contain data about the total equity of National Bank of Oman from 2018 to 2022. The amount investors put into NBO in exchange for shares is referred to as total equity. As a result, the graph indicates that between 2018 and 2022, NBO’s gross equity margin increased. We can see that total equity peaked in 2022 at 640,834 and finished at a minimum in 2020 at 530,233. Considering, it was discovered that National Bank of Oman’s total equity has increased, indicating both a rise in the bank’s financial stability and a positive financial performance signal.

Return on equity (ROE)

Year	2018	2019	2020	2021	2022
ROE	9.42%	9.28%	3.42%	0.05%	7.52%

Source: Author Own

Table 29: ROE NBO

Data on the National Bank of Oman’s ROE for the years 2018 through 2022 is displayed in the table and graph above. ROE is calculated by dividing a company’s net income by its shareholders’ equity. As a result, the rate of return on equity will fluctuate between 2018 and 2022. Considering it becomes clear that the return on shareholders’ equity was the largest in 2018, where it reached its peak at 9.42%, and the worst in 2020, where it declined sharply and reached 0.05%. Furthermore, the National Bank of Oman’s 2018 ratio of 9.42% and 2022 return on shareholders’ equity of 7.52% demonstrate the bank’s successful operations. As a result, the average value of return on managed shares improves the National Bank of Oman’s listed capabilities, financial stability, and ability to advance in its business.

Return on assets (ROA)

Year	2018	2019	2020	2021	2022
ROA	1.41%	1.41%	0.49%	0.74%	1.12%

Source: Author Own

Table 30: ROA NBO

Profit on Assets (ROA) is an additional metric utilized to indicate the profitability of banks. According to the chart above, which evaluates the bank management’s capacity to turn a profit with the resources at its disposal, the return on assets rate peaked in 2018 and 2019 at 1.41% and fell to 0.49% in 2020. The effectiveness with which financial procedures are applied to produce income is another.

The result of the analysis consolidated use:

Sno	Name	ROA	ROE	PAR
1	Bank Muscat	0.01428	0.08688	6.89257135
2	Bank Dhofar	0.007886	0.04876	6.45564475
3	Ahli Bank	0.01066	0.0766	6.3075225
4	HSBC Bank	0.0019	0.05548	6.13597396
5	National bank Oman	0.01038351	0.05938	6.46484807

FINDING, CONCLUSION AND RECOMMENDATIONS

Introduction

This research revolves around the relationship between credit management and financial performance of listed banks in the Sultanate of Oman, where banks are studied and analyzed with special reference to Bank Dhofar, Bank Muscat, Al Ahli Bank, HSBC Bank and National Bank of Oman. Therefore, this will include

the chapter collects data and its resources, analyzes, discusses, and interprets data.

The study results were summarized as follows:

Credit management finding:

1. Bank Dhofar shows outstanding loans to customers from 2018 to 2022. Loans increased in 2018 at 3,158,844 and the lowest value of loans in 2019 at 2,617,345.
2. Bank Muscat offers existing loans to customers from 2018 to 2022. The value of the loans is not constant between years, meaning that one year the value increases and in another year it decreases. The highest loan value in 2022 was 7,967,470, and the lowest loan value in 2020 was 7,707,204, due to the Corona pandemic.
3. Al-Ahli Bank shows outstanding loans to customers from 2018 to 2022. Loans at Al-Ahli Bank increased in 2020 at a value of 2,218,897, and a decrease in the value of loans in 2018 at a value of 1,870,677.
4. HSBC Bank shows outstanding loans to customers from 2018 to 2022. Good increase in loans in all years. The highest value is in 2019 at 1,502,734 and the lowest value is in 2022, at 1,247,387.
5. The National Bank of Oman shows outstanding loans to customers from 2018 to 2022. At the beginning of the years, the value of loans was low, but as the years progressed, the value of loans seemed to rise. The lowest value in 2019 is 2,801,557, and the highest value is in 2022, at 3,169,679.

Financial performance finding:

Bank Dhofar

1. There was a downward trend in profitability as it appeared in the years from 2019 to 2022, because of shrinking interest margins, and profitability was highest in 2018.
2. In addition, there was a disruption in total assets in each year from 2018 to 2022 due to a decrease in profits during the years 2019-2022, and this occurred due to their inability to repay loans.
3. There was a downward trend in the total equity from 2018 – 2021 and the highest total equity was in 2022.
4. There is a decline in the percentage of returns in equity in the years from 2019 to 2022, and the highest return in total equity was in 2018 at 7.20%, as the Corona pandemic caused stocks to decline.
5. The return on assets shows an increase in the year 2018 by 1.19%, and the percentages decreased in other years from 2019 to 2022, and this shows whether he was able to achieve a profit from the assets and if he was not able to do so.

Bank Muscat

1. There was a particularly good increase in Bank Muscat's profitability in the years from 2018 to 2022 because of the increase in interest margins.
2. In addition, there was a decrease in total assets from the years 2018 to 2020, and it increased in 2021 and 2022, and the highest total assets were in 2021 at 13,072,538 Omani Riyals.
3. There was an excellent increase in the total equity from 2018 to 2022. The highest total equity was in 2022 at 2,232,124 Omani Riyals and the lowest in 2018 at 1,927,742 Omani Riyals.
4. The return rate in equity shows a good increase in the years from 2018 to 2022. The highest increase in the rate of return on equity was 9.24%, and it decreased in 2020 by 7.65%.
5. The rate of return on assets shows a decrease in the years from 2018 to 2022, and the highest increase in the rate of return on assets was 1.57%, and it decreased in 2020 by 1.25%.

Ahli Bank

1. It appears in the profitability of Al Ahli Bank in the years from 2018 to 2022. There was a varied increase, as the highest increase was in the year 2018 at 38,786 Omani Riyals and the lowest increase in the year 2020 at 23,968 Omani Rials, and the Corona pandemic caused this decline.
2. The total assets from 2018 to 2022 show a successive increase. The highest increase was in the year 2022 at 3,075,466 Omani Riyals, and the lowest increase was in the year 2018 at 2,290,390 Omani Rials.
3. The total equity from 2018 to 2022 shows a successive increase. The highest increase was in the year 2022 at 460,939 Omani riyals, and the lowest increase was in 2018 at 358,980 Omani riyals.
4. The return in equity shows turbulent rates from 2018 to 2022. The highest rate was in 2018 at 10.80%, and the lowest rate in 2020 at 6.17% due to the outbreak of the Corona pandemic.
5. The return on assets shows varying percentages from 2018 to 2022. The highest percentage was in 2018 at 1.25%, and the lowest percentage in 2020 was 0.88% due to the outbreak of the Corona pandemic.

HSBC Bank

1. The profitability of HSBC Bank shows a bad decline from 2018 to 2022. Profits increased in 2018 to 31,366 Omani Riyals and decreased badly in 2020 to (8,211) Omani Riyals because of the outbreak of the Corona pandemic at that time.
2. The total assets at HSBC Bank show an inconsistent increase from 2018 to 2022. The highest increase was in 2019 at 2,549,997 Omani Riyals and it decreased well in 2022 at 2,241,628 Omani Riyals.
3. The total equity shows an inconsistent increase from the year 2018 to the year 2022. The highest increase was in the year 2022 at 359,317 Omani riyals, and it decreased badly in 2020 at 327,486 Omani riyals due to the Corona pandemic.
4. The return in equity shows unstable rates from 2018 to 2022. The highest rate was in 2019 at 9.21% and it decreased badly in 2020 at (2.50%) due to the Corona pandemic.
5. The return in assets shows unstable rates from 2018 to 2022. The highest rate was in 2018 at 1.32% and it decreased badly in 2020 to (3.48%) due to the Corona pandemic.

National Bank of Oman

1. It seems that the profitability of the National Bank of Oman in the period from 2018 to 2022 is a good indicator. Profits increased in 2019 to 51,431 Omani riyals and decreased in 2020 to 18,148 Omani riyals due to the Covid pandemic.
2. Total assets from 2018 to 2022 show a good indicator. Assets increased in 2022 by OMR 4,294,080 and decreased in 2020 by OMR 3,572,922.
3. Total equity from 2018 to 2022 shows a good indicator. Shareholders' equity increased in 2022 by OMR 640,834 and decreased in 2020 by OMR 530,233.
4. The return on stocks is shown in the years from 2018 to 2022. The highest return was in 2018 at 9.42%, and the lowest return was in 2021 at 0.05%.
5. The return on assets in the years from 2018 to 2022 shows that the return indicators fluctuated in the years from 2020 to 2022, as the value of the return decreased in 2020 to 0.49% and stabilized in the years 2018 and 2019 at 1.41%.

Conclusion of study:

Much research has been conducted on the relationship between credit management and financial performance in listed banks in the Sultanate of Oman. However, the results are expected to show a negative

relationship. We also estimated the profitability of the five banks and the proportion of investors through empirical analysis. Clear data covering the five-year period (2018-2022) was used in the study. In addition, Omani banks are in a strong position to achieve financial performance comparable to that of advanced economies. Through analysis, we obtained an unacceptable negative relationship between credit management and financial performance. The study noted that the patterns of financial performance of the banks in the study sample appear inconsistent, despite the presence of slight differences in financial indicators.

Recommendations:

The following recommendations should be followed by Bank Dhofar, HSBC, and Ahli Bank to improve their financial performance while accounting for procurement performance indicators.

- For it to grow its total assets, Bank Dhofar should concentrate on boosting the company's or bank's worth and gaining more cash and cash equivalents. You can choose to pay off your debt, but the interest rate will increase as the amount does.
- Bank Dhofar should increase its total shareholders' equity on an annual basis because of drawing in investors. The higher the investor's returns, the more likely it is that they will use their money in a range of advantageous and profitable ways. Its higher stability and ability to reduce stock transaction losses allow for a return on equity of up to 5%.
- Bank Dhofar must produce several tactics that will boost its net profits. Some of these tactics include discounts and offers for Bank Dhofar cardholders in specific locations, which will draw clients and encourage them to become joint customers.
- For Bank Dhofar, return on assets is crucial, and this can be attained by offering creative suggestions regarding the bank's capacity for money transfer and investment.
- HSBC Bank should concentrate on enhancing return to manage the business effectively and efficiently and to attain high return.

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