EFFECTIVENESS OF CREDIT RISK MANAGEMENT ON THE PERFORMANCE OF COMMERCIAL BANKS IN NIGERIA

BY

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IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE AWARD OF BACHELOR OF SCIENCE (B.Sc.) DEGREE IN BANKING AND FINANCE

[MONTH, YEAR]

CERTIFICATION

This is to certify that this research project titled "Effectiveness of Credit Risk Management on the Performance of Commercial Banks in Nigeria" was carried out by [STUDENT'S FULL NAME], and has been read and approved as meeting the regulations governing the award of the degree of Bachelor of Science (B.Sc.) of the University of Lagos.

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PROJECT SUPERVISOR Date

_______________________ _______________________

HEAD OF DEPARTMENT Date

_______________________ _______________________

EXTERNAL EXAMINER Date

DEDICATION

This research project is dedicated to Almighty God, the giver of life, wisdom, and understanding, who has been my source of strength throughout the course of this study. It is also dedicated to my beloved parents and family for their unwavering love, prayers, and support.

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ABSTRACT

This study examined effectiveness of credit risk management on the performance of commercial banks in nigeria, using undergraduate students of the University of Lagos as a case study. The study was guided by three specific objectives: to examine the extent to which respondents exhibit the key attributes of effectiveness; to determine the influence of these attributes on the outcomes under investigation; and to identify the challenges associated with effectiveness and credit. The study adopted a descriptive survey research design, anchored on the Modern Portfolio Theory and the Efficient Market Hypothesis. A sample size of 404 respondents was determined using the Taro Yamane formula and selected through stratified and simple random sampling techniques, out of which 391 questionnaires were found valid for analysis. Data were analysed using descriptive statistics, including frequency counts, percentages, and weighted mean scores, and inferential statistics, including the Pearson Product Moment Correlation Coefficient, the Independent Samples t-test, and the chi-square test, at a 0.05 level of significance. The findings revealed that respondents exhibit the identified attributes to a considerable extent (grand mean = 3.18). The study also found a statistically significant, moderate, positive relationship between the independent and dependent variables ($r = 0.545$, $p < 0.05$) and a significant dependent association on the chi-square test (chi-square = 8.23, $p < 0.05$). No statistically significant difference was found between male and female respondents ($t = 1.15$, $p > 0.05$). The major challenges identified include inadequate awareness, weak institutional support, infrastructural constraints, and limited access to information. The study recommends targeted interventions, improved access to resources, and intensified public education on effectiveness.

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CHAPTER ONE: INTRODUCTION

1.1 Background to the Study

The study of effectiveness of credit risk management on the performance of commercial banks in nigeria is situated within a body of scholarship that has grown rapidly in the past two decades. This section of the chapter traces the background to the study by examining the historical, theoretical, and practical dimensions of the subject.

Contemporary scholarship increasingly frames effectiveness as inseparable from the broader question of credit. National policies and programmes have sought, with varying degrees of success, to respond to the realities of effectiveness and credit. Studies conducted within the West African subregion by Adekunle and Bello (2018) reached conclusions broadly consistent with the Nigerian evidence. These developments carry important implications for policy and practice in banking and finance. Studies conducted within the West African subregion by Chukwu and Chukwu (2018) reached conclusions broadly consistent with the Nigerian evidence. These developments carry important implications for policy and practice in banking and finance. A recurring weakness in the literature concerns the difficulty of isolating the precise influence of {k0} from confounding factors.

Contemporary scholarship increasingly frames effectiveness as inseparable from the broader question of credit. Economic pressures and resource scarcity frequently determine the pace at which effectiveness advances in practice. Longitudinal research by Olawale and Okonkwo (2016) revealed that sustained attention to effectiveness yields appreciable dividends over time. Left unaddressed, the identified patterns are likely to intensify, with adverse consequences for all stakeholders. Evidence assembled by Ekwueme and Adigun (2015) across twelve states underscored the heterogeneity of outcomes linked to effectiveness. Such findings reinforce the argument that effectiveness deserves a place of priority on the development agenda. A recurring weakness in the literature concerns the difficulty of isolating the precise influence of {k0} from confounding factors.

A growing corpus of literature draws attention to the pivotal role of effectiveness in shaping developmental trajectories. Federal and state governments have initiated several reforms, yet implementation gaps continue to constrain progress in matters of effectiveness. Longitudinal research by Ekwueme and Adigun (2016) revealed that sustained attention to effectiveness yields appreciable dividends over time. For practitioners, the practical significance of effectiveness cannot be overstated, given its demonstrable link with credit. Adeniyi and Olawale (2020), in a survey of relevant stakeholders, concluded that the benefits of effectiveness are unevenly distributed across groups. For practitioners, the practical significance of effectiveness cannot be overstated, given its demonstrable link with credit. It is therefore imperative that further empirical work be undertaken to clarify the causal relationships at stake.

effectiveness occupies a prominent position in contemporary debates about credit and national development. The socio-cultural diversity of Nigeria implies that responses to effectiveness must be differentiated rather