The Impact Of Non Performing Loans On The Profitability Of Banking Institutions In Rwanda: A Case Study Of Banque Populaire Du Rwanda Ltd

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This research is aimed at analyzing the impact of Non-Performing Loans (NPLs) on the profitability of the banking sector in Rwanda. The first specific objective focused on identification of the main Causes of Non-Performing Loans in Banque Populaire du Rwanda Ltd (BPR). The second specific objective identified the main impacts of Non-Performing Loans on Banque Populaire du Rwanda’s profitability and lastly the third specific objective was to know the strategies in place to reduce the level of Non-Performing Loans in Banque Populaire du Rwanda Ltd. This study is significant to MKU, the researcher, academics and Banque Populaire du Rwanda Ltd. To MKU, other researchers will use this research as reference. Again the study will provide with practical insights on how the researcher can make recommendations to the public on proper usage of loans and acquire more knowledge in as far as Non-Performing loans is concerned. It will help the researcher to know the causes and impacts of non-performing loans on the profitability of Rwandan banking sector in general and Banque Populaire du Rwanda Ltd in particular. To the academics, after this study is successfully conducted, a copy will be availed in the MKU academic library and will provide more researched information on the impact of Non-Performing Loans on the profitability of banking sector in Rwanda. The final work will serve as a reference tool to the future research and advanced studies on commercial banks’ profitability. To the Banque Populaire du Rwanda Ltd (BPR), the research will help to understand the effects of NPLs to the bank and help them to take appropriate measures to reduce it. To the policymakers (GoR), the finding of the study will assist them in the formulation of better policies to control and reduce the level Non Performing loans in Rwandan banking sector. This study used purposive non random sampling as data collection technique and the entire process that enabled the researcher to investigate the research problem. Questionnaire, interview and documentary analysis are the methods that the researcher used to collect and analyze the data. These methods were used for selection of the respondents and spelling out how the information were obtained from respondents, analyzed and interpreted to enable the researcher to draw logical conclusions.