

**PROVISION OF LOANS AND BUSINESS PERFORMANCE IN RWANDA  
A CASE STUDY OF BANK OF KIGALI IN NYAGATARE DISTRICT**

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**ABSTRACT**

The topic of study was entitled “Provision of loans and Business performance in Rwanda, A case study of Bank of Kigali in Nyagatare District”. A large proportion of development takes place mainly from credit lines or bank loans besides personal savings which contributes to a lesser extent towards business development. Since bank loans contribute immensely towards SME’s growth and their growth also contributes to economic growth, this drew the attention of the researcher into exploring into this subject matter of importance. Therefore as an area of keen interest for the researcher, the objectives of the study were seek to analyze loans offered by Bank of Kigali towards business performance of the people of Nyagatare, to establish the requirements for loan qualification and its impact on business performance of the people of Nyagatare District and to evaluate the relationship between bank loans and the business performance of the people of Nyagatare District. Data was collected from a variety of respondents that consisted of bank clients and also the bankers. Data from the bank indicates a population of 227 loanees running SME’s at the Bank of Kigali Nyagatare branch as at the end of 2012. From this population the researcher targeted a sample of 30% which gave a sample of 68 bank customers with loans for business purposes. Bank staff and the manager(s) in Bank of Kigali Nyagatare branch totals to a population of 10 persons, this formed the sample as well specifically to respond on behalf of the bank. Therefore the total sample size that was considered eligible for this research consisted of a total of 78 respondents. Data was collected using interviews and questionnaires, both qualitative and quantitative approaches were used in analyzing the information, and the presentation was via use of graphs and tables using Microsoft Excel for statistical applications and to elaborate on the findings. Some of the methods that were used for analyzing data involved percentages, use of weightings for data attached to Likert’s nominal scales of 1 – 5 on measuring the impact of loans on business progress indicators such as increased SME’s activities , business ROI and business turnover. From the research, a synopsis of the findings shows that a majority of the bank customers were of the female gender at 54.41%. Also from the findings loans awarded for business purposes went to the individuals between the ages of 41- 50 years at 69.12% and similarly a group that forms the youth in the society is largely not adequately catered for. The findings also reveal that there is a strong connection between loans and the impact that follows on the levels of business activities. As a result of loans there were increased SME’s activities at over 50% in the past three years, high performance in turnovers at 88.24%, increases in levels of employment at 82.35%. Notably also are the requirements that goes with securing a loan by the bank customers who were of the opinion that the requirement were hard to meet or fulfill at 66.18%.