

**BANK LOAN ACCESSIBILITY AND PERFORMANCE OF SMALL AND MEDIUM
PROJECTS IN RWANDA
A CASE STUDY OF SELECTED SMALL AND MEDIUM PROJECTS FINANCED BY
FINA BANK RWANDA LTD**

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ABSTRACT

This study had the purpose of assessing the impact of bank loans accessibility on performance of Small and Medium Projects in Rwanda. It was conducted to achieve three main objectives. The first objective was to gauge the impact of interest rate on performance of Small and Medium Projects; the second was about assessment of impact of collateral on performance of Small and Medium Projects and the third objective was to analyze the impact of Loan Turnaround Time on performance of Small and Medium Projects in Rwanda. The outcomes of this study are helpful to Rwandan policy makers, to small investors, to banks and to the researcher. The study used both qualitative and quantitative data. Quantitative data was collected by observation; interview and questionnaire from 69 sampled elements determined using Slovin's formula and analyzed using descriptive data analysis, comparative and quantitative analysis methods in relevance with research objectives. The findings illustrated that cost related to bank loan (interests and supplementary charges) negatively affects Small and Medium Enterprises to the extent that it decreases profitability of small and medium projects. The 50 per cent of interviewed elements confirmed that the main challenge small and medium projects face in access to finance is the security required by banks. 56.7 per cent of approved project proposal were disbursed between 1 to two months and 50 per cent of the total respondents said that they realized financial losses due to fact that bank responded them after two or three months while they expected to get the loan in one week. The study recommended banks to shorten TAT, reduce charges and maintain the quality of security required. It recommended again SMEs to approach business development institution to enjoy their advices and free services offered by BDF, BDC, RDB, etc.