YANGON UNIVERSITY OF ECONOMICS

DEPARTMENT OF COMMERCE

MASTER OF BANKING AND FINANCE PROGRAMME

CREDIT RISK MANAGEMENT PRACTICES AND FINANCIAL PERFORMANCE OF CHID BANK

MG THET LIN

EMBF - 19

EMBF 9th BATCH

JUNE, 2024

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ACADEMIC YEAR (2022-2024)

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A Thesis submitted to the Board of Examiners in partial fulfillment of the requirements for the degree of Master of Banking and Finance (MBF)

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ACCEPTANCE

Accepted by the Board of Examiners of the Department of Commerce, Yangon University of Economics, in partial fulfillment for the requirement of the Master Degree, Executive Master of Banking and Finance.

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ABSTRACT

This study examines how CHID Bank's credit risk management affects its financial performance. Data collection makes questionnaires survey method from a sample of 133 employees selected from CHID bank with sample random sampling method. This study primarily employs descriptive statistics and quantitative research methods. Multiple linear regression analysis interprets respondent data. Survey results show a strong association between credit risk management methods and financial performance, except for credit risk detection. This applies to other relationship factors. The regression analysis shows that credit risk monitoring, control, and evaluation techniques positively affect financial performance statistically. The findings emphasise the necessity of thorough credit evaluation, strict monitoring, and proactive risk control in financial health and strategic goals. Based on the findings, banks should explore cooperating with credit monitoring service providers to improve their credit monitoring skills. These systems can send out timely alerts and notifications when consumers' credit profiles change, assisting banks in identifying possible hazards or fraudulent activity.

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CHAPTER I
INTRODUCTION

In the twenty years since 1992, the number of privately held commercial banks in Myanmar's financial sector has increased significantly. The 1990 Central Bank of Myanmar Law established the CBM as one of Myanmar's many banks. Commercial banks influence the economy through financial intermediation. This means lending money to clients who are short on funds and taking deposits from clients who are flush with cash.

Mburu et al. (2020) state that deposits are the commercial banks' primary source of interest income. The principal asset of these banks is their credit amounts, which also act as a source of credit risk.A bank's main responsibilities include receiving deposits, making loans, and assisting its customers with other financial services. In the banking industry, the term "bank spread" refers to the difference in interest rates that a bank charges for loans and the interest rate that it charges for cash. As a result, a bank's ability to originate loans will have a big impact on its profits and losses. Banks provide borrowers with access to commercial loans in order to support business expansion. Establishing and implementing credit risk management procedures is essential for banks in order to reduce loan risks (Khaing, 2019).A methodical strategy called credit risk management is applied to effectively manage the uncertainties associated with credit risk.

Credit risk management is a process that involves the systematic identification, evaluation, monitoring, and management of credit risk, which is a consequence of the probability of loan default. It has been noted by Francis (2022) that credit risk management solutions are made up of four key components. Credit risk identification practices, credit risk assessment practices, credit risk control practices, and credit monitoring procedures are the components that make up these components. Identification is the first step towards effective risk management. The bank management team must be aware of the risks that are part of their daily operations in order to properly manage credit risk. Threats that a business encounters on a daily basis are connected to risk identification. The approach taken to identify risks may vary based on industry norms, culture, and compliance. Making sure that a suitable environment for credit risk is established is crucial when identifying risks

(Kromschroder & Luck, 1998). According to Bhattacharya (2011), risk analysis needs to be done in the appropriate contexts. For example, credit risk needs to be examined in relation to cash flow simulations and projections.

Because of this, banks and other financial institutions will be able to effectively manage risks and provide their workers with the training necessary to handle them. A number of distinct elements, which, when taken as a whole, constitute the idea of risk assessment, are a part of the whole. The investigation of the client's capabilities, character, capital, and condition are all components that fall under this general category (Francis, 2022). The examination of branch managers' inspections, the study of financial statements, the establishment of assessment criteria, credit scoring, risk rating, and the investigation of assessment criteria are all examples of components that fall under this general category.One of the most important aspects of credit risk monitoring is the practice of performing a comprehensive review of the entire loan portfolio on a regular basis. Within the scope of this assessment is a comprehensive examination of the whole loan portfolio, with the goal of identifying circumstances in which loans may be potentially impaired. According to Poudel (2012), senior management is able to make educated judgements regarding the overall quality of the loan portfolio by utilising the pertinent information that is provided by credit risk monitoring. The operationalization of credit monitoring includes the surveillance of loans, visits to the borrower by loan officers in person, and communication with the borrower (Francis, 2022). Under the authority of the Ministry of Construction, the Construction, Housing and Infrastructure Development Bank, which was originally known as the Construction and Housing Development Bank, was initially founded as a semi-government bank. Its current name is the Construction, Housing and Infrastructure Development Bank.

In order to put into action the government's objective to make house ownership available to all people, particularly those who originate from lower-middle-class and lower-income backgrounds, a housing financing system that can fund rental, affordable, and low-cost housing arrangements is required. For the purpose of establishing CHID Bank as a public business limited, the government and the private sector worked together on May 8, 2013. One of the key reasons why the bank began its activities on January 11, 2014 was because of this particular reason. In response to the COVID-19 pandemic, CHID Bank has created one-of-a-kind credit management techniques in order to minimise the possible financial losses that could be generated as a result of poor loan allocation and credit recovery practices. These strategies were implemented in order to protect the bank from the devastating effects of the pandemic. The loan instruction number 97, which was issued on the 23rd of March, 2020, was issued by the credit risk management department of CHID bank. This instruction was regarding a relief package for Covid-19 clients who were affected by the loans provided by CHID bank.Credit risk has become one of the primary issues for banks in recent years, which has necessitated an in-depth analysis of the management methods employed by the bank and the influence such tactics have on the firm's financial performance. In order to determine the extent to which the credit risk management processes utilised by CHID Bank have an impact on the overall financial performance of the bank, the purpose of this study is to analyse CHID Bank's credit risk management procedures. Thus, this study examines how credit risk management techniques affect CHID Bank's financial performance.

1.1. Rationale of the Study

Managing credit risk is an organised strategy to coping with uncertainties. It is also known as credit risk management. To lower the likelihood of potential risks, this strategy include doing a risk assessment, formulating management plans, and making use of the resources available to management. Geitangi (2015) states that the basic purpose of a credit analyst is to come at a conclusion on the granting of credit to a client by utilising information that is essential to the principles of efficient credit management. This is the primary objective of a credit analyst.Similar to a large number of other financial institutions, CHID Bank operates in an environment that is characterised by economic unpredictability, shifting regulatory requirements, and ever-evolving market dynamics. Taking this into consideration, it is of the utmost importance for the internal strategies of the bank as well as the wider financial industry to have a solid grasp of how credit risk management techniques either contribute to or undermine financial success. The CHID bank is responsible for carrying out the two primary functions of banks, which are the acceptance of deposits and the borrowing of loans for the purpose of advancing the construction industry and the development of infrastructure in Myanmar.As financial markets become more interconnected, the effectiveness of credit risk management procedures is essential to the stability of individual banks as well as the overall health of the financial system. This is because the banking industry is becoming increasingly interdependent. Therefore, an investigation of the credit risk management processes utilised by CHID Bank can be advantageous to practitioners, regulators, and academics alike. This is due to the fact that it provides a thorough understanding of the delicate relationship that exists between credit risk management and financial performance. lowering the amount of credit risk associated with all sorts of loans in order to improve a bank's bottom line.In spite of the fact that credit risk management is extremely important, there is a gap in the existing understanding of how the particular methods that CHID Bank has implemented effect the bank's financial performance. This is despite the fact that there is a wealth of current literature that provides a general understanding of credit risk management in the banking business. However, there is a paucity of empirical study that particularly examines the distinct techniques and results that CHID Bank employs. The purpose of this study is to fill this gap by performing an exhaustive evaluation of the credit risk management techniques utilised by CHID Bank and analysing the direct and indirect consequences that these strategies have on the financial performance of the organisation.

Financial performance is a critical aspect of organizational success, encompassing various indicators that reflect an entity's fiscal health and operational efficiency.Houston, J. F., and E. F. Brigham (2016). Fundamentals of Financial Management (15th ed.) defined financial performance as the ability of a firm to generate profits and create value for its stakeholders. Traditional financial metrics, such as return on investment (ROI), profitability ratios, and liquidity ratios, provide a quantitative assessment of a company's financial standing (Gitman & Zutter, 2015). Additionally, Kaplan and Norton (1996) introduced the Balanced Scorecard, emphasizing the importance of non-financial indicators, including customer satisfaction, internal processes, and learning and growth, in gauging overall financial performance. Examining financial performance, therefore, requires a comprehensive approach, integrating both quantitative and qualitative measures to capture the multifaceted nature of organizational financial health.

By conducting a thorough analysis, this study seeks to provide insights that can guide CHID Bank in refining its credit risk management framework, potentially enhancing its financial stability and competitive position. Hence, the objective of this study is to analyze the credit risk management strategies employed by CHID Bank.

1.2. Objectives of the Study

This study is constructed by the following objectives:

(1) To identify the credit risk management practices in CHID Bank.
(2) To analyze the effect of credit risk management practices on the financial performance of CHID Bank.

1.3. Scope and Method of the Study

In this study, the methods that are utilized in credit risk management and the ways in which they influence CHID Bank's financial results are the primary focus. The study's scope is limited to CHID Bank; it is insufficient to draw conclusions about the banking industry as a whole. The months of March and April in 2024 are designated for data collection. In this study, primary and secondary data are both used. Face-to-face interviews and email surveys employing structured questionnaires were used to gather primary data. Secondary data was gathered from published textbooks, survey reports, articles, websites, local and international research papers, and pertinent journals. Surveys with a 5-point Likert scale are employed. Using the Taro Yamane (1973) method, 133 respondents are selected as a sample size from the 200 managerial level employees of CHID Bank.

1.4. Organization of the Study

Within this study, there were a total of five chapters. In Chapter 1, you will find an introduction that discusses the objectives and scope of the study, as well as its structure and methods. Chapter 2 describes the theoretical backdrop, which covers the conceptual framework, previous research, underlying theories, and the idea of credit risk management. This chapter also discusses the conceptual framework. The third chapter provides a profile of CHID Bank as well as the techniques that it uses to manage its credit risk situation. This chapter examines the influence that credit risk management strategies have had on the financial performance of CHID Bank and covers the topic in detail. At the end of Chapter 5, there is a discussion of the findings and recommendations, as well as a request for further research investigation.

CHAPTER II

THEORETICAL BACKGROUND

In this chapter, we will discuss the theoretical components that form the basis of the investigation. The term "credit risk management" must first be defined before it can be studied and comprehended, and this is especially true when it comes to the banking industry. In this theoretical discussion, topics such as financial performance, credit risk management techniques, and the approach taken by the banking industry to managing credit risks are discussed. The discussion begins with a theoretical foundation and concludes with a specific framework.

2.1 Concept of Credit Risk Management

Credit risk management is a critical process for financial institutions to minimize potential losses arising from borrowers' inability to repay their loans. This process involves a comprehensive framework for identifying, assessing, and mitigating the risks associated with lending. According to Saunders and Allen (2002), effective credit risk management starts with a thorough credit assessment, where the borrower's creditworthiness is evaluated based on their financial history, current economic conditions, and the nature of the loan.

The management of credit risk is an organized approach to dealing with uncertainties. This approach involves evaluating the risk, developing management plans, and making use of managerial resources in order to achieve risk reduction. The techniques of risk identification and management can be applied to various products, instruments, situations, and institutions once a general framework has been established. Establishing a comprehensive risk management framework is imperative for banks, as there is an increasing awareness that this is a critical prerequisite for sustainable growth (Greuning and Iqbal, 2007).

Tools such as credit scoring models, which use statistical methods to predict the likelihood of default, are widely used to quantify credit risk (Mays, 2004). Additionally, Basel III guidelines emphasize the importance of maintaining adequate capital reserves and liquidity to absorb potential losses from credit defaults (BCBS, 2011). Diversification of the loan portfolio is another key strategy, reducing exposure to any single borrower or sector and thus spreading the risk (Crouhy, Galai, & Mark, 2000).

Moreover, continuous monitoring and early warning systems are essential in managing credit risk effectively. By regularly reviewing borrowers' financial status and market conditions, institutions can take proactive measures to mitigate risks before they result in significant losses (Altman & Saunders, 1998). Implementing robust credit risk management practices not only protects the financial health of institutions but also contributes to the stability and resilience of the broader financial system.

2.2 Credit Risk Management Practices

Although a lot of different elements contribute to the challenges the financial services sector has been facing recently, improper lending practices, inadequate risk management, or a lack of flexibility in the face of changing market conditions can be mostly blamed for some of them. Any organisation's goal in risk management is to create preventative policies that will help it to avoid events or losses that might be detrimental to the company. By their very nature, banking activities include some risk. Risk, then, is essentially the unpredictability of a situation or event that might occur in the future; for financial institutions, risk is the unpredictability of the results of company investment decisions. Reducing the predicted quantity of exposures among the defined parameters helps to maximise the risk-adjusted rate of return for the bank, thereby guiding credit risk management.

(a) Credit Risk Identification Practices

When it comes to effective risk management, the identification of credit risk is absolutely necessary. Before being able to effectively manage the credit risks they face, commercial banks must first recognize and comprehend the conditions under which they operate. The first step in determining whether or not a company is at risk of incurring credit risk is to establish a credit risk management function that will identify significant observation points both within and outside the organization. The policies of an organization's credit department serve as a framework for lending and as a representation of the moral principles and credit culture of the organization. Policies must be communicated promptly, enforced using the proper channels, and updated on a regular basis to account for evolving circumstances in order to be effective. (Gladys (2012).

(b) Credit Appraisal Practices

An essential step in the loan process is credit appraisal, which evaluates a potential borrower's creditworthiness and risk. This procedure entails a thorough assessment of the borrower's financial situation, ability to repay debt, and the viability of the project or goal for which credit is being requested. Key elements of credit appraisal include financial analysis, risk assessment, collateral evaluation, and the borrower's credit history review.

As the basis for credit evaluation, lenders look at the borrower's financial statements, which include balance sheets, income statements, and cash flow statements, among other types of statements. Understanding the borrower's present financial situation and prospective earnings in the future is made easier by this analysis. According to Rose and Hudgins in "Bank Management & Financial Services," effective financial analysis involves scrutinizing profitability ratios, liquidity ratios, and debt-to-equity ratios to gauge the financial stability of the borrower (Rose & Hudgins, 2013).

The evaluation of potential risks that are associated with the borrower's business and the broader economic environment is performed as part of the risk assessment, which is another essential component. Lenders use various risk models and scoring systems to quantify these risks and determine the likelihood of default. Risk assessment, as mentioned by Saunders and Cornett in "Financial Institutions ManagementAccording to Saunders and Cornett (2018), "A Risk Management Approach" is a tool that assists in the process of determining appropriate loan terms and interest rates by ensuring that the bank's risk appetite is aligned with the credit risk.

Collateral evaluation is also crucial in credit appraisal. Lenders assess the value and quality of the assets pledged as security for the loan. This process ensures that the collateral can adequately cover the loan amount in case of default. The book "Principles of Banking" by Koch and MacDonald highlights that proper collateral evaluation mitigates the lender's risk and enhances the credit decision's security (Koch & MacDonald, 2014).

In conclusion, examining the borrower's credit history offers valuable information about their previous borrowing and repayment patterns. Lenders can access information from credit bureaus and internal documents to determine a borrower's creditworthiness. Low levels of current debt and a history of timely repayments usually point to a lower default risk.

By integrating these practices, lenders can make well-informed credit decisions, ensuring that loans are extended to reliable borrowers while minimizing the risk of non-repayment. These procedures support the stability of the financial system in addition to safeguarding the financial institution.

(c) Credit Risk Control Practices

Managing credit risk involves employing various strategies such as implementing covenants, securing sufficient collateral, obtaining personal guarantors, maintaining savings or deposit accounts, and utilizing default insurance. Continued participation in the development and implementation of strategies and policies for managing credit risk. Peer lending, also known as group lending, mitigates credit risk by circumventing the hazard of lending without collateral, as a substantial number of borrowers act as the institution's insurance policy. The group members who were not granted loans also serve as bank agents for debt collection in order to gain access to their loans. As a result of their interest, the Credit Officers' workload has been transferred to this group, which is required to work additional hours. Rather than official collateral, group savings could serve as a guarantee (Gladys, 2012).

(d) Credit Risk Monitoring Practices

As stated by Al-Tamimi and Al-Mazrooei (2007), risk monitoring is a method that can be utilized to guarantee that risk management procedures are successfully carried out. On top of that, it can help management at the bank spot errors at an earlier stage. According to Pausenberger and Nassauer (2002), the conclusion of the corporate risk management process is the monitoring phase. Therefore, according to Baldoni (1998), the most important area of concern for continuous risk monitoring and management is the risk associated with interest rates. Such systems have evolved into an essential component of the infrastructure for sizable commercial credit Unions and European-style universal credit Unions with a thriving trading business (Akkizidis and Khandelwal, 2008).Therefore, procedures for regular formal reviews and, when appropriate, must be included in each institution's credit risk management programAn effective credit review system should ensure that the institution is well-informed about the borrowers' current financial situation, that the collateral security is adequate and legally enforceable given the borrowers' current circumstances, that the credits are in compliance with the agreed-upon covenants and margins, and that early identification of any issues is provided. Therefore, credit review systems must guarantee that a credit officer is overseeing credit quality and, if relevant. The following aspects should be guaranteed by credit review systems that are effective: early identification and classification of potentially problematic credits; timely information regarding the standard of the loan portfolio; awareness of the institution of the borrowers' current financial situation; and adequate and enforceable collateral security in relation to the borrowers' current circumstances (Gladys (2012).

2.3 Financial Performance

A company's profitability, operational effectiveness, and overall financial health over a given time period are all measured by its financial performance. According to Horngren, Datar, and Rajan (2012), it includes a variety of metrics and indicators that shed light on how effectively a business uses its resources to turn a profit, control costs, and maintain growth. The term "financial performance" refers to an all-encompassing evaluation of the overall position of a company in relation to a number of different categories, such as assets, liabilities, equity, expenses, revenue, and overall profitability. A number of business-related formulas are utilized in order to evaluate it. These formulas provide users with the ability to determine precise information regarding the potential effectiveness of a company. The financial performance of their respective companies is one of the benchmarks that internal users consider when evaluating the overall health and standing of their respective organizations. Through the analysis of financial performance, external users are able to determine which businesses are worthy of investment and whether or not they are worth having their time spent on.There appears to be global agreement on the definition of financial performance. Financial performance variables, as defined by Haneef (2012), are related to decisions that directly affect items on the income statement and balance sheet. Examples of indicators falling under the area of financial statements are several elements including but not limited to bank size, capital ratios, liquidity, asset quality, deposits, operational performance, risk management, and others. Often used as benchmarks of profitability in Asian financial institutions are the phrases "return on asset" (ROA), "return on equity" (ROE), and "return on capital employed" (ROCE), as defined by Saunders and Cornett (2007). But the risk of these companies is related to asset liability management as well as development possibility. Profitability, or both current and future returns, is the result of smooth growth, which guarantees higher future returns to holders.

2.4 Background Theories of the Study

In this section, credit management theory and credit risk theory are discussed. After that, a conceptual framework is developed to step forward this paper.

(a) Credit Management Theory

Credit management theory encompasses a range of principles and practices aimed at ensuring that credit is extended and managed in a manner that maximizes returns while minimizing risks. This theoretical framework integrates several key concepts and methodologies to guide financial institutions in making informed lending decisions and maintaining credit discipline.

One fundamental component of credit management theory is the credit risk assessment, which involves evaluating the probability of a borrower defaulting on a loan. According to Altman (1968), the Z-Score model, which analyzes various financial ratios, is a well-known method for predicting bankruptcy and assessing credit risk. Additionally, credit scoring systems have become a standard tool for evaluating borrowers' creditworthiness, utilizing statistical techniques to predict the likelihood of default based on historical data (Thomas, Edelman, & Crook, 2007).

Woolcock (2000) has proposed the Credit Management Theory, which believes that the credit or loan markets are much influenced by banks' (lenders') approaches for screening potential borrowers and handling opportunistic behaviour, which is promoted by loan contracts. As a consequence of this, lenders typically enhance the prices of credit to the point where they anticipate achieving the highest possible returns. The result is that this frequently excludes borrowers who are small, expensive, and risky. Generally speaking, the use of credit has a negative link with the collateral requirements as well as the interest rates. Often applying the credit management approach, commercial banks grab the opportunity to benefit from possible borrowers' opportunistic behaviour.

(b) Credit Risk Theory

Thakor (2016) modified the theory of credit risk to the theory of bank credit risk management, therefore improving the theory as well. The idea depends on rational learning, which results in changes in inferences about banking skills, depending on the macroeconomic conditions—which could be influenced by changes in the real sector or investor attitude. Thus, the theory generates changes in conclusions on banking skills in cases when skills could matter or might not matter. According to Thakor (2016), financial institutions ought to have the ability to choose between a loan that features a higher level of risk but has the potential to yield higher profits and a loan that is relatively safe, with the type of loan that is chosen being made public. This theory distinguishes between two systematic risk regimes: low risk and high risk. Riskier loans are funded in the low-risk regime if the bank is judged to be competent enough to control these risks; in the high-risk regime, the default risk is regarded to be so great that investors will only support low-risk loans, even if banks are thought to be extremely competent. This is so because it is believed that the high-risk environment raises default probability. 2014: Thakor (2016).

(c) Adverse Selection Theory

Adverse selection theory prominently associated with the work of Nobel laureate George Akerlof (1970) provided valuable insights into the consequences of information asymmetry in various economic contexts. Stiglitz's (1977) work further delves into adverse selection, emphasizing its impact on credit markets, where borrowers with more information about their creditworthiness may selectively participate, and potentially leading lenders to face a disproportionate share of high-risk borrowers. Strategies like risk-based pricing, signaling mechanisms, and enhanced disclosure have been proposed to mitigate adverse selection's detrimental effects and promote a more transparent and balanced marketplace (Akerlof, 1970; Stiglitz, 1977).

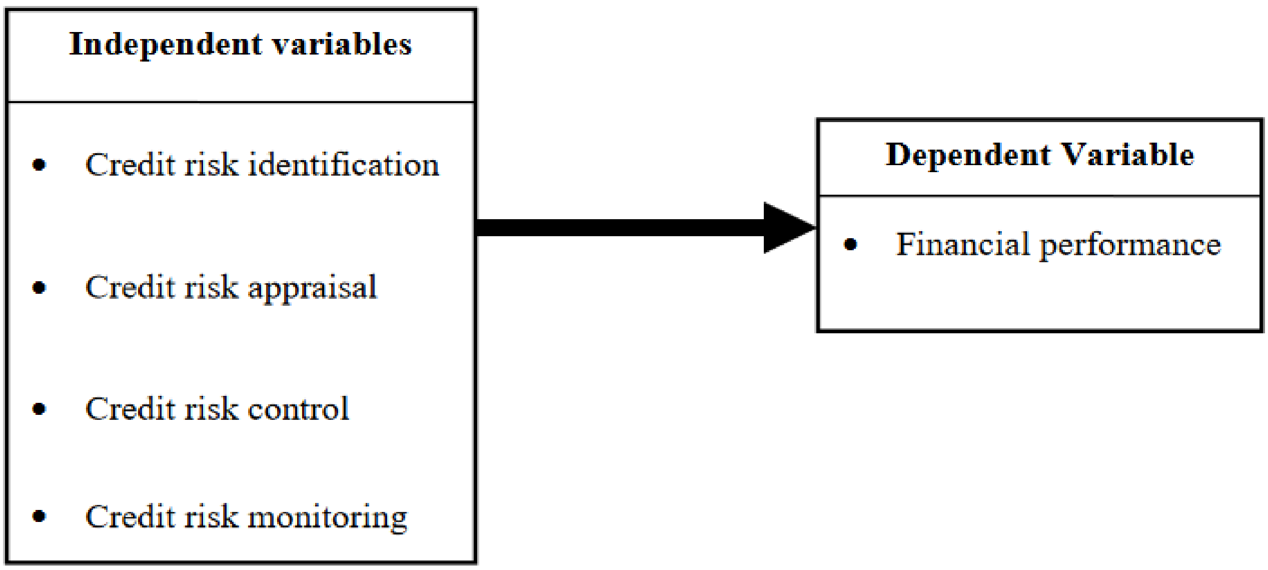
According to the adverse selection theory, when loanable funds are scarce, the interest rate might not increase to the point where all loan applicants are granted credit. Generally speaking, the amount of credit and effort are lower than the very best. Greater wealth can be used as collateral to get cheaper credit, which encourages borrowers to work harder and earn more money (Nawai, 2010). According to Kipyego (2013), the problem of adverse selection describes a situation in which lenders are unable to differentiate between creditworthy and creditworthy borrowers. Under this situation, every borrower is charged a normal interest rate commensurate with their combined background. Should this rate be more than what they are due, some decent borrowers would be driven out of the market for loan application, thereby forcing banks to charge even more rates to the remaining consumers. To reduce adverse selection problems, credit providers thoroughly screen loan candidates before lending money; this has helped to reduce loan default counts in financial institutions.

2.5 Previous Studies

There are many papers that analyze HR Practices on organizational performance. Among them, the paper of AlShaikhly, N. A. (2017), the paper of Chege, J. G. (2014) and the paper ofPaul, S., & Musiega, M. (2020) were the main references for this study.

Evelyn, K.K. (2016) assessed the management of credit risk's impact on the particular commercial practices' performance of Kenyan banks. The study was executed using a descriptive research design. Only information from 39 commercial banks was gathered even though a census of 43 Kenyan banks was conducted. The study makes advantage of both main and secondary information sources. From a financial point of view, we gathered secondary data on the performance of the banks using public financial statements from many institutions over a period of five years, from 2011 to 2015; we utilised a questionnaire to get primary data on credit risk management processes.Figure (2.1) shows Evelyn, K.K.'s intellectual framework.

Figure (2.1) The Effect of Credit Risk Management Practices On Loan Performance

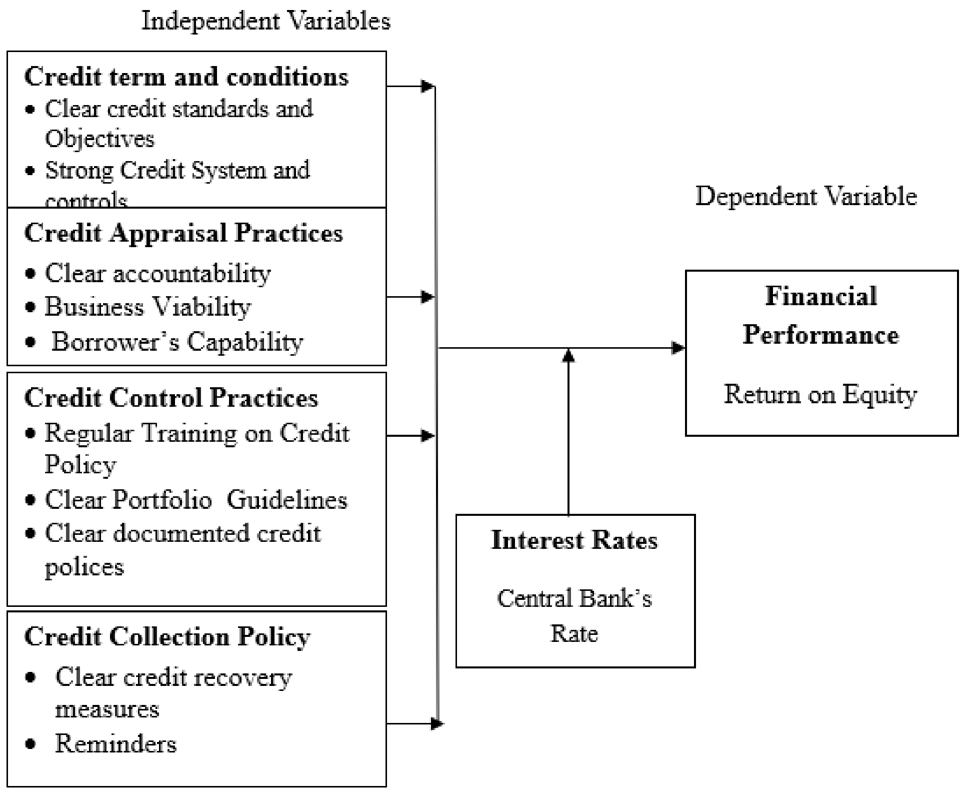


Source: Evelyn, K.K. (2016).

The results of the study show that commercial banks' general financial performance and their capacity to monitor and spot credit risk have a noteworthy relationship. The results of the study show a weak but favourable association between commercial banks' credit risk assessment and their financial success. The study also found a quite slightly negative relationship between credit risk management and financial performance of Kenyan commercial banks. Following their investigation, the experts found that the financial performance of Kenyan commercial banks is much improved by the identification and monitoring of credit risk.

2014 saw Chege, J. G. concentrate mostly on the financial situation of Kenyan commercial banks as well as credit risk management strategies. The particular goals of the study were to ascertain how closely credit terms and conditions, client evaluation, credit collecting practices, and credit management policies affected Kenyan commercial banks' financial performance. Moreover, in order to evaluate the moderating influence of interest rates on the association between credit risk management practices used by Kenyan commercial banks and their financial performance The sampling technique was based on intentional sampling; the research approach followed a descriptive study design. The study applied a multiple regression model for the analysis.

Figure (2.2) Credit Risk Management Practices and Financial Performance



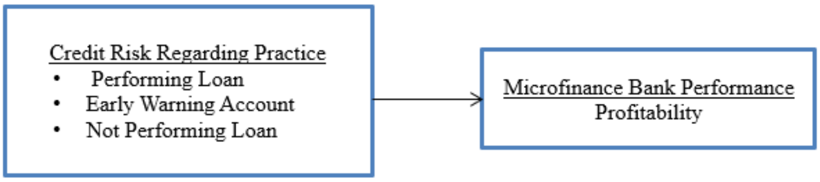
Source: Chege, J. G. (2014).

Effective credit risk management methods—including credit terms and conditions, customer assessment, credit practices, and credit control practices—indicate that the financial performance of Kenya's commercial banks is favourably and noticeably impacted. The research revealed that the association between the credit risk management practices of Kenyan commercial banks and their financial performance had little effect depending on the central bank rate. The study suggests that along with doing extensive client assessments, credit managers could improve credit control and collection by developing sensible terms and conditions.

Future studies on credit risk management techniques and bank financial performance should consider, according to the study, the moderating effect of bank-specific interest rates.Paul and Musiega (2020) defined the financial performance of Nairobi's microfinance institutions as shaped by credit risk management strategies. Its particular aim was to find whether credit risk grading, credit risk control, credit reminder, and viability identification techniques affected the financial performance of Kenyan microfinance banks.

The work included current portfolio theory, adverse selection theory, and information asymmetry theory. The study applied a descriptive approach. Consequently, the population of the study consisted in 1147 workers of Nairobi's microfinance institutions; the sample size was therefore 96 respondents.Nothing of text is given. Primary data for this study—which concentrated especially on branch managers and credit managers in every branch—was gathered via questionnaires. The study applied both descriptive and inferential statistics for data analysis and used main data gathered via questionnaires.

Figure (2.3) Effect of Credit Risk Management Practices on Financial Performance



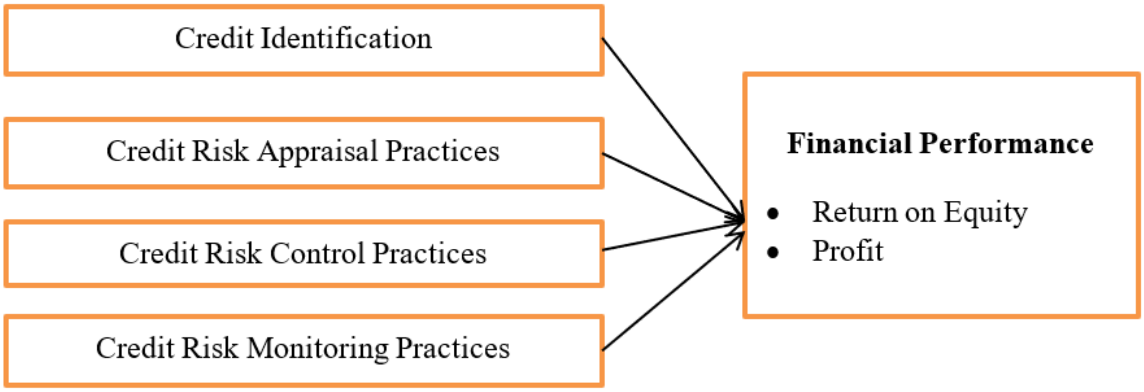
Source: Paul, S., & Musiega, M. (2020).

The study found that crucial elements in the financial performance of micro-finance banks in Kenya were credit risk grading processes, viability identification practices, credit risk control strategies, and credit reminder systems. The study advises companies to concentrate on enhancing their credit risk management strategies if they want to remain competitive in very dynamic surroundings. The studu advises companies to improve performance by working with all the risk management stakeholders.

2.6 Conceptual Framework of the Study

In accordance with the theoretical foundation and the findings of previous research, the conceptual framework of this investigation has been developed and is depicted in Figure (2.4).

Figure (4) Conceptual Framework of the Study



Source: Own Compilation (2024)

Working Definition

Credit risk management is a structured approach to managing uncertainties through risk assessment, developing strategies to manage it, and mitigation of risk using managerial resources.**Credit identification** refers to the process of uniquely identifying and assessing the creditworthiness of individuals or entities seeking financial products or services.

Credit Appraisal Practice is the review of client documents to ensure he/she is creditworthy.

Credit Risk Control Practices are an activity geared towards ensuring loans are granted adequately and used for the intended purpose.

Credit monitoring practices are the systematic and continuous tracking of an individual's or CHID bank credit-related activities.

Financial performance refers to the evaluation of CHID bank fiscal health and efficiency in utilizing its resources to achieve its objectives.

CHAPTER III

PROFILE OF CHID BANK AND CREDIT RISK MANAGEMENT PRACTICES IN CHID BANK

Within the scope of this chapter, the background history of CHID Bank, the products and services that are provided by CHID Bank, and the credit risk management practices that are utilized by CHID Bank are all thoroughly covered.

3.1 Profile of CHID Bank

Formerly known as the Construction and Housing Development Bank, the semi-government Construction, Housing and Infrastructure Development Bank was founded under Ministry of Construction administration. Establishing a housing finance mechanism would help to fund rental, affordable, and low-cost housing so that the government's house ownership programme for all people—especially those from lower middle-class and lower income backgrounds—may be achieved. This is the main reason the government and business sector joined to establish CHID Bank as a public corporation limited on May 8, 2013, and the bank started running on January 11, 2014. An increase in Authorised Capital from MMK 100 billion to MMK 200 billion resulted in a Paid-up Capital of CHID Bank rising to MMK 112.92 billion as of March 31, 2017.Moreover, by aggregating the resources of the Ministry of Construction and regional private company owners, the only bank in the country offering effective financial management for housing will be able to This will also assist in financing the development projects for every State and Region and support the opening of at least one branch bank in each one of them. Currently giving the best mortgage loans for both house development and construction, CHID Bank is in line with its objective of supporting these two sectors financially. Conversely, regardless of the state or location, CHID Bank is also engaged in the creation of the Public-Private Partnership (PPP) system for the building of Rental Housing and Sales for All employees of the government.The name "CHID Bank" was modified to inspire involvement in the funding for projects involving infrastructure development. Along with social infrastructure (such as schools, clinics, recreation, and so on), these projects comprise public infrastructure like water supply, sanitation, electricity, roads, and bridges. This is the reason "I = Infrastructure" was used as the bank's name, originally CHD Bank but renamed CHID Bank on June 17, 2018.The improvement of the infrastructure of the country determines most of the direction of its economic growth. The growth of the macroeconomic and microeconomic sectors would enable CHID Bank to provide the most important services for the national socioeconomic development. Currently providing building bridge loans for States and Region-based social infrastructure projects including roads, schools, clinics and hospitals, the CHID Bank is This goes on top of the bank's basic objective of supporting house mortgages.In addition, CHID Bank is trying to get two-step overseas loans from banks, governments, and companies situated abroad. CHID Bank acquired JICA's Housing Mortgage Loan; all plans will be distributed. Additionally working with CHID Bank are Kookmin Bank, JHF from Japan, and MLIT to offer information technology, housing finance, and human resource capacity building training.

Mission: To maximize the potential financial resources for the growth of the building, urban, and housing sectors and to give citizens the opportunity to own a home by raising capital, integrating the government's role, and accepting public deposits and shares.

Vision: To improve citizens' quality of life and socioeconomic situation by building modern, aesthetically pleasing housing and urban areas that adhere to international standards.

Values: For everyone to prosper and be able to continue living in harmony with their dignity, happiness, and joy.

Objectives

There are four main objectives of CHID Bank as follows:

(1) To aggregate and facilitate potential financial (capital) investment, necessary to develop construction and housing sector, from both local and international, banks and financial institutions

(2) To support the construction loans, housing loans and mortgage by providing short-term, midterm and long-term loans.

(3) To implement plans to increase the number of public deposits.

(4) To support to increase the number of financial resources to broaden the international trading.

Branches of CHID Bank

At No. 60, Shwedagon Pagoda Road, Dagon Township, Yangon, the Head Office of CHID Bank has been up and running since the 11th of January, 2014. In CHID Bank have 18 branches start in 2014 to 2021. Among the one of the branches was close in 2024 by the region economics situation. The name of branches and their start date was shown in the following Table (3.1).

Table (3.1) Branches of CHID Bank

No.	Opening Date	Branch Name
1	16.1.2014	Botahtaung Branch
2	11.2.2014	Dagon Branch
3	26.3.2014	Naypyitaw Branch
4	9.7.2014	Mandalay Branch
5	29.10.2015	Pathein Branch
6	23.2.2016	Mawlamyaing Branch
7	16.5.2016	Mingalar Taung Nyunt Branch
8	6.10.2016	Shwe Pauk Kan Branch
9	29.3.2017	Magway Branch
10	22.8.2017	Monywa Branch
11	1.11.2017	Hpa-An Branch
12	1.11.2017	Dawei Branch
13	24.8.2019	Dagonseikkam Branch
14	30.8.2019	Bago Branch
15	28.11.2019	Myitkyina Branch
16	18.12.2019	**Loikaw Branch (Closed in Feb. 2024)**
17	15.7.2020	Hlaing Thar Yar Branch
18	17.5.2021	Taung Gyi Branch

Source: CHID Bank, 2024

3.2 Products and Services at CHID Bank

In accordance with the guidelines and regulations that have been established by the Central Bank of Myanmar, CHID Bank is the institution that is providing banking services. Three main types of CHID Bank services are international banking services, developing banking services, and personal banking services. CHID Bank offers both commercial banking services and development banking services to its customers. In the present moment, CHID Bank is offering the following products and services to its customers::

(1) Deposits

- Current Account
- Savings Account
- Fixed Deposit Account
- Housing Savings Account

(2) Loans

- Overdraft
- Term Loan
- Trade Financing Facility
- Hire Purchase
- Housing Mortgage Loan
- Construction Loan
- Bridge Loan
- Staff Loan

(3) Remittance

(4) Performance Bank Guarantee

(5) Payment Order

(6) ATM Services

(7) Money Changer

(8) International Banking

Housing Savings Account:

When compared to other deposit accounts, it is a significant service. Since the first of August in 2016, the housing savings account has been in place with the purpose of assisting individuals who are experiencing financial difficulties in acquiring the ability to own a house, to cultivate the habit of saving in order to build up the capacity for a down payment, and to establish a financially trustworthy relationship between the account holder and the bank. It is required of the depositors that they set aside a down payment that is at least thirty percent of the value of the property and that they provide the bank with recommendations regarding the income of the household. The applicant's household income and ability to repay the loan are evaluated by CHID Bank, which then conveys the results to DUHD. Housing at affordable prices has been made available in a methodical manner to individuals who are qualified for a down payment.

Loans:

The beginning of the loans service was on May 29th, 2014. Loans are permitted provided that they are in accordance with the principles of lending and practice, the law of the Central Bank of Myanmar, and the laws, rules, and regulations govern Myanmar Financial Institutions. The Credit Committee is responsible for approving loan amounts up to MMK 1000 million, while the Board of Directors is responsible for approving loan amounts that are greater than MMK 1000 million after the Credit Committee has made their recommendation and examined the situation. In addition, members of the Risk Management Committee take part in and take part in discussions during Credit Committee Meetings. It is the responsibility of the CHID Bank to provide loans to both the home buyers and the housing developers of the housing sector in order to facilitate the growth of the housing sector. This is done in order to ensure that the housing sector continues to develop.

Hire Purchase:

Within the next four years, the Mandalay Mya Yee Nandar Housing Project will have access to a hire purchase system. This will be the case throughout the duration of the project.

Housing Mortgage Loan:

The Yadanar Hnin Si Housing Project, the Yuzana Low-Cost Housing Project, the Ka Naung Low-Cost Housing Project, and the Yangon Shwe Lin Pan Housing Project are all qualified to receive housing mortgage loans with terms of eight, ten, and fifteen years. To be eligible for a down payment of up to thirty percent of the purchase price, prospective buyers are required to open a Housing Savings Account. It is possible to obtain a Housing Mortgage Loan from CHID Bank in order to borrow the remaining seventy percent.

Construction Loan:

Landowners and housing developers can apply for construction loans with terms as short as one year and as long as three years. Once 30% of the building or project has been completed, a construction loan may be applied for. CHID Bank will only cover 50% of the cost of building or construction.

Bridge Loan:

One type of loan that falls under the construction loan category is the bridge loan. Construction companies that receive government tenders for national development are financed by CHID Bank.

Remittance:

A number of financial institutions, including Myanmar Citizens Bank, Asia Green Development Bank, KBZ Bank, AYA Bank, Global Treasure Bank, Nay Pyi Taw Sibin Bank, and SHWE Bank, have formed partnerships with CHID Bank in order to boost the amount of money that is sent back to Myanmar from outside the bank's branches.

3.3 Credit Risk Management Practices in CHID Bank

Credit risk management is a crucial component of Construction Housing and Infrastructure Development (CHID) Bank's operational strategy, as it guarantees the stability and integrity of the bank's financial services. CHID Bank employs a robust framework that encompasses comprehensive risk assessment, meticulous monitoring, and proactive mitigation strategies. The initial phase of our credit risk management involves a thorough credit evaluation process, where banks utilize both quantitative and qualitative analysis to assess the creditworthiness of potential borrowers. This includes examining financial statements, credit history, and market conditions to make informed lending decisions.

The credit risk management procedures at CHID Bank are painstakingly crafted to guarantee the stability of the bank's financial operations and the soundness of its lending activities. Four main components make up CHID Bank's approach: credit monitoring, credit control, credit appraisal, and credit identification.

Credit identification at CHID Bank involves a comprehensive and systematic process to ensure that loans are extended to creditworthy clients. The process begins with potential borrowers submitting a formal credit application, accompanied by necessary documentation such as financial statements, business plans, and personal identification. The bank then gathers detailed financial and business information, evaluating the borrower's credit history and score through credit reports. A thorough risk assessment follows, where key financial ratios and the overall creditworthiness of the borrower are analyzed. If collateral is required, its value and quality are carefully appraised. The underwriting team reviews the credit application, and for larger loans, a credit committee may be involved in the decision-making process. Upon approval, the loan terms are agreed upon, and legal documentation is prepared. After all documents are signed and pre-disbursement conditions are met, the loan funds are disbursed to the borrower. CHID Bank also engages in ongoing monitoring and regular reviews of the borrower's financial condition and repayment performance to ensure compliance with the loan terms. By utilizing automated systems and robust risk management practices, CHID Bank aims to streamline the credit identification process and minimize potential credit losses.

Credit risk appraisal practices at CHID Bank are designed to meticulously evaluate the potential risks associated with extending credit. The process begins with an in-depth analysis of the borrower's financial health, involving a detailed review of financial statements, income, cash flow, and existing debt obligations. The bank assesses the borrower's credit history and score, examining past loan performances and payment behaviors through credit reports from reputable agencies. CHID Bank also evaluates the quality and value of any collateral offered, often employing professional appraisers to ensure accurate valuation. The underwriting team conducts a comprehensive risk assessment, analyzing key financial ratios such as the debt-to-income ratio, current ratio, and interest coverage ratio to gauge the borrower’s ability to meet repayment obligations. For high-value loans, a credit committee may further scrutinize the application to ensure a balanced and well-informed decision. The final approval process includes setting appropriate loan terms, interest rates, and covenants to mitigate identified risks. By implementing these thorough and systematic appraisal practices, CHID Bank aims to minimize credit risk while supporting the financial needs of its clients.

Credit risk control practices at CHID Bank are essential for managing and mitigating potential risks associated with lending. The bank employs a robust framework that begins with a stringent credit approval process, where comprehensive background checks and financial analyses are conducted to assess the creditworthiness of applicants. This includes evaluating credit scores, reviewing financial statements, and analyzing debt-to-income ratios. To further minimize risk, CHID Bank requires collateral for certain loans, which is appraised to ensure it covers potential defaults. Additionally, the bank sets conservative lending limits and uses automated risk assessment tools to enhance decision-making accuracy. Once credit is extended, the bank engages in continuous monitoring of the borrower’s financial health and repayment behavior through regular reviews and updates of credit reports. Early warning systems are in place to detect signs of financial distress, allowing for proactive management of at-risk accounts. In case of default, predefined recovery procedures and legal actions are promptly initiated to mitigate losses. Through these meticulous credit risk control practices, CHID Bank strives to maintain a healthy loan portfolio while safeguarding its financial stability.

Credit risk monitoring practices at CHID Bank are integral to ensuring ongoing assessment and management of credit risk throughout the life of a loan. The bank implements continuous tracking of borrowers' financial health and repayment behaviors to detect early signs of potential default. This involves regularly updating and reviewing credit reports, financial statements, and other relevant financial indicators. Automated systems and tools are used to flag any deviations from expected repayment patterns, allowing for timely intervention. CHID Bank also conducts periodic reassessments of the value of collateral to ensure it remains sufficient to cover outstanding loan balances. Furthermore, loan covenants and conditions are closely monitored to ensure compliance, and any breaches are promptly addressed. The bank maintains open communication with borrowers, offering support and restructuring options if financial difficulties arise. By maintaining a proactive approach to credit risk monitoring, CHID Bank aims to minimize losses and ensure the stability and health of its loan portfolio.

By integrating these practices into the CHID Bank credit risk management framework, CHID Bank ensures those not only supports the development of housing and infrastructure projects but also safeguards of financial health and uphold the trust of bank’s stakeholders.

CHAPTER IV

ANALYSIS OF CREDIT RISK MANAGEMENT PRACTICES ON FINANCIAL PERFORMANCE IN CHID BANK

The information gathered from the study's data collection is presented in this chapter, with an emphasis on how credit risk management techniques affect CHID Bank's financial performance. It also covers the population, sample size, and research design that this study used to achieve its primary goals. Descriptive statistics are used to perform the analysis based on the data.

4.1 Research Design

The aim of this study was to find how credit risk management techniques affect CHID Bank's financial situation in Myanmar. Four main components of research design include research variables employed in this study, sampling technique, data collecting and analysis, and multiple linear regressions. This study makes advantage of both main and secondary information sources.

This work applied a survey-based research approach. The survey questions greatly influence the research design and analysis of how credit risk management strategies influence the financial performance of CHID Bank. Two sections comprised the questionnaire. The respondent's profile fell in the first section; the survey item came in the second. By means of in-person interviews and email surveys using structured questionnaires, the financial performance of CHID Bank management in Myanmar was ascertained. From the 200 managerial level staff of CHID Bank, 133 respondents were chosen as a sample size using the Taro Yamane (1973) approach. Secondary data came from local and worldwide research papers, relevant journals, published textbooks, survey reports, publications, and websites. The survey uses a five-point Likert scale to measure respondents' degree of strong feeling towards a topic. Strongly disagree = 1, disagree = 2, neutral = 3, agree = 4, and strongly agree = 5. The ratings range highly disagree to highly agree. Table 4.1 shows how one should interpret the Likert Scale.

Table (4.1) Likert Scale Score Interpretation

No.	Mean Score between	Interpretation
1	1.00 -1.80	Strongly disagree
2	1.81 – 2.60	Disagree
3	2.61 – 3.40	Neutral
4	3.41 – 4.20	Agree
5	4.21 – 5.00	Strongly agree

Source: Warmbrod, J. R. (2014).

The provided mean score interpretation table categorizes responses into five levels of agreement. Scores from 1.00 to 1.80 indicate strong disagreement, while scores from 1.81 to 2.60 signify disagreement. Neutral responses fall between 2.61 and 3.40. Scores ranging from 3.41 to 4.20 show agreement, and those from 4.21 to 5.00 reflect strong agreement. This scale helps in understanding the intensity of respondents' opinions based on their average scores.

Based on the data, an analysis was conducted to determine the respondents' demographic makeup, as well as the validity and reliability of the test used to determine the factors influencing credit risk management procedures and the correlation between those factors and CHID Bank's financial performance. The data obtained from the questionnaire is used to calculate the mean values, standard deviation, and coefficient of correlation. The SPSS statistical tool was then used to analyze the gathered data. The association between CHID Bank Myanmar's financial performance and its credit risk management procedures was examined using multiple regression analysis.

4.2 Reliability Test of the Study

Tests of validity and reliability are crucial for the analysis of the research. Likert scales have been widely used in this research. Thus, before using any dimension, it is necessary to test its reliability.

Table (4.2) Reliability Test for Credit Risk Management Practices and Financial Performance

Sr. No.	Factors	No. of items	Cronbach's Alpha	KMO	Bartlett's Test of Sphericity (Sig)
1	Credit Identification	7	0.883	0.883	0.000
2	Credit Appraisal Practices	7	0.949	0.649	0.000
3	Credit Risk Control Practices	7	0.907	0.499	0.000
4	Credit Monitoring Practices	7	0.915	0.475	0.000
5	Financial Performance	10	0.960	0.810	0.000

Source : Survey data (2024)

Ten financial performance items, seven credit identification items, credit appraisal practices, credit risk control practices, and credit monitoring practices were all tested in this analysis. Table (4.4) results show that all alpha values fall between 0.8 and 0.9. As a result, this survey's research data are excellent and trustworthy. KMO quantifies the percentage of variance in the variables, and every KMO value result was greater than 0.4. Bartlett's test of sphericity had a significance value of.000, which is less than 0.05 and significant. As a result, the results above showed good internal accuracy and the sample's reliability for the size.

Cronbach's Alpha is the study's internal consistency metric. According to Sekaran (2003), Cronbach's Alpha is a reliability coefficient that shows how well a set of items are positively correlated with one another. Table (4.3) displays the Combach's Alpha Coefficient result rules.

Table (4.3) Rule of Thumb on Cronbach's alpha

Alpha Coefficient Range	Strength of Association
< 0.6	Poor
0.6 to < 0.7	Moderate
0.7 to < 0.8	Good
0.8 to < 0.9	Very Good
0.9	Excellent

Source: George and Mallery (2003)

Cronbach's alpha was used to assess the internal consistency or reliability of the variables based on the survey data. The survey study's Cornbrash's alpha coefficient result was displayed in table (4.4).

4.3 Profile of Respondents

Identifying the traits of the study's respondents is the first step in the analysis process. A profile of the responders is created based on background data and personal traits associated with CHID Bank employees. 133 respondents from the overall CHID Bank managerial level employee population provided information about themselves, including gender, age, education, income level, experience, position, and how well they believed their bank handled unforeseen risks or credit crunches. They also identified the main obstacles to the successful implementation of credit risk management policies. The demographic characteristics summary table is used to more clearly display the data after each characteristic has been analyzed in terms of absolute value and percentage.

Table (4.4) Profile of Respondents

Items	Demographic	No. of Respondents	Percent
Gender	Male	42	31.6%
	Female	91	68.4%
Total		**133**	**100.0**
Age (Years)	Below 30 years	43	32.3%
	31 to 40 years	42	31.6%
	41 to 50 years	35	26.3%
	51 to 60 years	10	7.5%
	Above 60 years	3	2.3%
Total		**133**	**100.0**
Education	Bachelor Degree	87	65.4%
	Master Degree	30	22.6%
	Ph.D	16	12%
Total		**133**	**100.0**
Income (MMK)	Less than 1,000,000	53	39.8%
	1,000,001 – 4,000,000	28	21.1%
	4,000,001 – 8,000,000	39	29.3%
	More than 8,000,000 Ks	13	9.8%
Total		**133**	**100.0**
Experience (Years)	Under 3 years	55	41.4%
	3-5 years	26	19.5%
	6-8 years	39	29.3%
	Over 8 years	13	9.8%
Total		**133**	**100.0**
Position	Supervisor	60	45.1%
	Assistant Manager	42	31.6%
	Manager	24	18%
	Directors	6	4.5%
	CEO	1	8%
Total		**133**	**100.0**
Respond Risk	-Reduce employment	32	24.1%
	-Revised strong lending policy	50	37.6%
	-Increase capital reserve ratio	27	20.3%
	-Other (Employee Productivity Increase)	24	18%
Total		**133**	**100.0**

Challenges	-Difficulty in quantifying risks -Timeliness and quality of information -Lack of necessary knowledge and skill -Lack of technical knowledge and trained personal -Business priorities are often conflicting -Weakness in banking process, Policy and procedures Other (Bureaucratic Practices in Process)	70 1 18 15 25 2 2	52.6 0.8 13.5 11.3 18.8 1.5 1.5
	Total	**133**	**100.0**

Source: Survey data (2024)

With a response rate of 68.4%, female employees make up the majority of the workforce, as indicated in Table (4.4), with male respondents making up the remaining 31.6 percent. The age distribution of the respondents was based on five age groups: 43 percent were under 30 years old, 42 percent were between 31 and 40 years old, 35 percent were between 31 and 50 years old, 10 percent were between 51 and 60 years old, and 3 percent were over 60. Based on the results of the respondents' educational attainment, 65.4 percent of the respondents have a bachelor's degree, 22.6 percent have a master's degree, and 12 percent have a PhD. According to the results, 39.8% of respondents earned less than one million kyats per month, 21.1 percent earned between one and four million kyats, 29.3% earned between four thousand and eight million kyats per month, and the remaining 9.8% earned more than eight million kyats. Table (4.2) displays the number of respondents by experience year among the chosen respondents. Consequently, the data revealed that 41.4 percent of respondents had less than three years of work experience, 19.5 percent had three to five years, 29.3 percent had six to eight years, and the remaining 9.8 percent had more than eight years. Of the chosen respondents, 45.1% are at the supervisor level, 36.1% are at the assistant manager level, 18% are at the manager level, 4.5 percent are directors, and 8 percent are owners.

According to the result, the respondents responded credit risk by reducing employee was 24.1 percent, by revising strong lending policy was 37.6 percent; by increasing capital reserve ratio was 20.3 percent and the remaining 18 percent respond in other ways. The result shown that 52.6 percent of respondents were facing difficulty in quantifying risk, 0.8 percent were facing timeliness and quality of information, 13.5 percent were facing lack of knowledge and skill, 11.3 percent were lack of technical knowledge and trained personal, 18.8 percent were facing business priorities are often conflicting, 1.5 percent were facing weakness in banking process policy and procedures and the remaining 1.5 percent were facing other challenges.

4.4 Descriptive analysis on the Credit Risk Management Practices and Financial Performance in CHID Bank

The conceptual model of the study was based on one independent variable, which was financial performance, as well as four independent variables, which were credit identification, credit appraisal practices, credit risk control practices, and credit monitoring practices. It is the purpose of the findings that are presented in this section to quantify the impact that each variable has on the financial performance of CHID Bank Myanmar.

4.4.1 Credit Identification

This practice is a credit risk management strategy that has an impact on the financial performance. There are seven items involved in the analysis of this factor. The average and variability of each statement in credit identification results are displayed in Table (4.5).

Table (4.5) Credit Identification

Sr. No.	Items	Mean	Standard
1	Ensuring CHID Bank's credit identification processes are efficient.	4.41	.493
2	Evaluating the net worth of the client's business.	4.40	.577
3	Checking business proposals and business plans to identify credit risks the bank is exposed to.	4.35	.628
4	Analyzing the character of the clients, such as the credit history of loan applicants.	3.86	.854
5	Assessing the necessity and worthiness of providing credit.	3.98	.812
6	Analyzing the capacity of the loan applicants to assess their ability to repay the credit facility.	4.45	.499
7	Undertaking specific analysis, including the applicant's character, capacity, collateral, and conditions, before granting credit.	4.37	.529
Overall Mean		4.26	

Source : Survey data (2024)

The mean score for each of the seven credit identification questions is reported individually in Table (4.5). In relation to the inquiry "The bank evaluates the clients' character, including the credit history of loan applicants," the minimum average score is 3.86, surpassing the neutral value of 3. The statement "The bank evaluates the loan applicants' capacity to determine their ability to repay the credit facility" has the highest average score (4.45), surpassing the neutral value of 3. Consequently, most employees concur that they diligently handle credit risk by assessing the creditworthiness of customers and mitigating any potential hazards associated with providing credit or issuing loans. Nonetheless, the mean score for the entire sample is 4.26, surpassing the strongly agree threshold of 3. Therefore, it can be said that the process of identifying credit is effective. When the standard deviation is less than 1, the data are considered more trustworthy.

4.4.2 Credit Appraisal Practices

Regarding the credit appraisal practices, employees are required to respond to a total of seven questions. Table (4.6) displays the mean and standard deviation of each statement in the credit appraisal practices results.

Table (4.6) Credit Appraisal Practices

No.	Factors	Mean	Std. Deviation
1	Checking the applicant's credit history to determine if the applicant is under blacklisted customers is undertaken by CHID Bank when offering bank loan services.	3.98	.783
2	Determining the borrowers' ability to repay a loan based on credit repayment history is done by CHID Bank.	3.47	.934
3	Apprising the risk profile of the borrower is a task undertaken by CHID Bank.	3.49	.502
4	Conducting checkups or forecasts on the business operating environment of the borrower is part of CHID Bank's procedures.	3.68	.793
5	Performing credit scoring to identify credit risks and determine financial requirements on credit applications is essential for the bank.	3.48	.813
6	Ensuring the adequacy and enforceability of collateral or guarantees is performed by the bank.	3.38	.805
7	Evaluating the amount of financing needed compared to the business size, in terms of capital, total debts, and total assets, is conducted by the bank.	3.47	.934
Overall Mean		3.57	

Source: Survey data (2024)

The individual mean score for each of the seven credit appraisal practices questions was reported in Table (4.6). Each item's mean is more than three, and the standard deviations are less than or close to one, per the analysis's findings. Among the responses to the question "Ensuring adequacy and enforceability of collateral or guarantees is performed by bank," the mean score that is the lowest is 3.38, which is higher than the neutral value of 3. The statement that "Checking the applicant's credit history to determine whether the applicant is under blacklisted customers to offering bank loan's service is undertaken by bank" has the highest mean score (3.98), which is higher than the neutral value of 3, which makes it the most favorable statement. It is possible to assert that the credit appraisal level is effective due to the fact that the overall mean rating is 3.57, which is higher than the neutral value of 3. In situations where the standard deviation is lower than one, the data are regarded as with greater reliability.

4.4.3 Credit Risk Control Practices

Regarding the credit risk control practices factors, employees are required to respond to a total of seven questions. Data regarding current employee perceptions of the credit risk control practices factors are shown in Table (4.7).

Table (4.7) Credit Risk Control Practices

Sr. No.	Items	Mean	Standard Deviation
1	Classifying loans based on their or borrower weakness level, the existing credit control enables effective management.	3.89	.940
2	Having adequate skill and expertise to carry on controlling activity, credit control staffs are crucial in CHID Bank.	3.49	.502
3	Enabling early identification of problem loans, the credit control activity of the bank is proactive.	3.49	.502
4	Publishing credit monitoring and controlling reports regularly is part of CHID Bank's practices.	3.88	.844
5	Keeping track of borrower compliance with credit terms and identifying early signs of irregularity, conducting periodic valuation of collateral, and monitoring timely repayments are included in CHID Bank's control practices.	3.58	.677
6	Effectively controlling and monitoring the credit limit of every counterparty is a priority for CHID Bank.	3.58	.809
7	Adopting a standard reporting system about the credit management practice from bottom to top management	3.59	.494
Overall Mean		3.64	

Source : Survey data (2024)

The mean score for each of the seven questions related to the credit appraisal practices factors is shown in Table (4.7). The two primary concerns are "Credit control staffs have adequate skill and expertise to carry on controlling activity" along with sufficient "Credit control activity of the bank enables early identification of problem loans." A mean score of 3.49 is the lowest possible score, which is lower than the neutral value of 3. The question that obtains the highest mean score is "The existing credit control enables to classify loans based on their or borrowers' weakness level." This question has a mean score of 3.89, which is higher than the neutral value of 3. It is important to note that the overall mean score of 3.64 is greater than the neutral value of 3, which indicates that the credit appraisal procedures are effective. However, it will be more effective if CHID Bank reevaluates the current credit control employee quality to ensure that they have the necessary knowledge and experience to continue controlling activity, as these bank operations facilitate the early detection of problematic loans. When the standard deviation is less than 1, the data are considered more trustworthy.

4.4.4 Credit Risk Monitoring Practices

The employees are expected to answer seven questions in total about credit risk monitoring factors. Data regarding current employees' perceptions of the elements influencing credit monitoring practices are shown in Table (4.8).

Table (4.8) Credit Risk Monitoring Practices

Sr.	Items	Mean	Standard Deviation
1	Performing periodic and continuous loan review after the loan is approved is standard practice at the bank.	4.17	.996
2	Making strong and quality credit inspections timely is a priority for CHID Bank.	3.99	.452
3	Regularly conducting adequate credit follow-up ensures proactive risk management.	3.88	.708
4	Tracking a borrower’s financial condition regularly and advising the borrower about his credit status are responsibilities of the bank’s management.	4.08	.708
5	Monitoring periodic repayment of principal plus interest and ensuring timely repayment of credit loans are essential tasks.	3.88	.708

6	Regularly assessing or checking up on collateral coverages related to the borrower's financial health is part of CHID Bank's risk management practices.	3.89	.703
7	Identifying contractual payment delinquencies is a critical part of CHID Bank's credit monitoring procedures.	4.09	.543
Overall Mean		4.00	

Source : Survey data (2024)

The mean score of seven questions for the factors related to credit monitoring practices was reported in Table (4.8). "Adequate credit follow-up is done regularly" and "Monitoring periodic repayment of principal plus the interest and monitoring the repayment of credit loans are in time" are the questions with the lowest mean score (3.88). The question is, "After the loan is approved, Periodic and continuous loan review is performed by bank," and the highest mean score is 4.17. As a consequence of the overall mean score of 3.99, which is greater than the neutral value of 3, it can be said that employees believe credit monitoring practices are reasonable. To maintain better credit monitoring practices, CHID Bank just needs to do regularly adequate credit follow up and monitor whether periodic repayment of principal plus the interest and credit loans are in time or not.

The summary of overall mean values of independent variables is presented in the following Table (4.9).

Table (4.9) Overall Mean Value

No .	Variables	Mean Value
1	Credit Risk Identification	4.26
2	Credit Risk Appraisal	3.57
3	Credit Risk Control	3.64
4	Credit Risk Monitoring	4.00

Source : Survey data (2024

4.4.5 Financial Performance

A total of ten questions about organizational performance must be answered by the employees. Data regarding current employees' perceptions of the growth of sales factors are displayed under Table (4.10).

Table (4.10) Financial Performance

Sr. No.	Items	Mean	Standard Deviation
1	Implementing efficient credit risk management practices has been vital in preventing the occurrence of bad debt and non-performing loans and improving financial performance.	3.98	.783
2	Depending on the effectiveness of credit management practices, most of the income is earned from interest on loans extended, influencing the financial success of a bank.	3.98	.639
3	Practicing credit risk assessment can accurately predict the future capability of a borrower to meet his/her financial obligations, thus reducing the default risk in the future.	3.98	.778
4	Managing credit risk has affected the bank's ROI.	3.98	.783
5	Monitoring and controlling credit using techniques that support bank profitability to prevent bad debt and non-performing loans.	3.98	.783
6	Increasing bank deposits due to effective and efficient credit risk management practices decreases non-performing loan status, which can affect loan performance and financial performance in financial institutions.	3.98	.778
7	Conducting effective credit risk assessment practices is essential to identify all possible risks inherent in banking operations that may affect the bank.	4.08	.844
8	Rising with respect to overall profits, the bank's ROA value has increased.	3.78	.607
9	Decreasing overall in the bank financial risks and scandals has been observed.	3.98	.778
10	Increasing market share over the past five years has been observed in the bank.	4.08	.840
Overall Mean		4.0	

Source : Survey data (2024)

The financial performance factors' individual mean score for each of the ten questions was presented in Table (4.10). The mean value ranges between 3.78 and

4.08. Given that the overall mean value of 3.98 is higher than the neutral point of 3, it is evident that respondents agreed that financial performance factors are efficient.

4.5 Correlation Analysis between Credit Risk Management Practices and Financial Performance

Determining the direction and strength of a linear relationship between two variables can be accomplished through the use of the correlation coefficient, which provides a statistical value ranging from -1 to 1. A measure of the relationship that exists between two variables is referred to as correlation. Through the use of bivariate regression, the correlation coefficients of the individuals were determined for the purpose of this analysis.. The relationship between the two variables under test may be triggered by bivariate correlations, which measure the strength of the relationship between two variables without accounting for an additional variable to the intervention. Relationships between each component—credit identification, credit appraisal procedures, credit risk management procedures, credit monitoring procedures, and financial performance—are examined in this research. To perform the study, identify the studied objective, and calculate the correlation coefficient for each pair of variables, the average scale scores for each scale were ascertained. The relationship between average scores of credit risk management practice usage and financial performance is displayed in Table (4.10).

Table (4.11) Correlation between Credit Risk Management Practices and Financial Performance

No.	Factors	Correlation Coefficient	P-value
1	Credit Identification	.033	0.706
2	Credit Appraisal Practices	.980**	0.000
3	Credit Risk Control Practices	.975**	0.000
4	Credit Monitoring Practices	.966**	0.000
5	Financial Performance	1	0.000
** Correction is significant at the 0.01 level (2 tailed)			

Source: Survey data (2024)

The correlation coefficient between financial performance and its determinants is shown in Table (4.11). Financial performance and credit identification have a correlation coefficient of 0.33, 0.980 for credit appraisal practices, 0.975 for credit risk control practices, and 0.966 for credit monitoring practices, respectively. At the 1% level, every factor is significant, with the exception of credit identification. The correlation analysis results show a positive relationship between CHID Banks' financial performance and their credit risk management procedures. Nonetheless, a credit risk management technique called credit identification shows either no correlation at all or a very weak one with financial performance. The results show that, out of the four determination factors, credit appraisal practices have the highest correlation.

4.6 Analysis the Effect of Credit Risk Management Practices on Financial Performance

In order to investigate the influence that credit risk management strategies have on financial performance, the multiple regression analysis has been finished, and the results are presented in Table (4.12).

Table (4.12) Effect of Credit Risk Management Practices on

Financial Performance

Dependent Variable: Financial Performance	Unstandardized Coefficients		Standardized Coefficients	t	Sig	VIF
	B	SE	Beta			
(Constant)	.272	.097		2.797	.006	
Credit Identification	-.009	.016	-.007	-.598	.551	1.002
Credit Appraisal Practices	.460***	.037	.515	12.282	.000	2.502
Credit Risk Control Practices	.461***	.056	.396	8.229	.000	6.440
Credit Monitoring Practices	.108*	.057	.095	1.891	.061	7.827
R^2	0.982					
Adjusted R^2	0.981					
F statistics	1745.370***					
Statistically significant indicate ***at 1%, at 10% level respectively						

Source: SPSS Output,2024

Table (4.12) displays both positive and adjusted credit appraisal techniques and risk control practices as the independent variables. The model fits the financial performance of CHID Bank rather well with an R-squared of 0.981. With a 1% significance level (p value = 0.000), the F statistics for this table come out to be 306.684. Table (4.12) also shows the regression outcome proving the link between financial success and credit risk management techniques. Standardised beta coefficient shows the link between dependent and independent variables. The positive standardised coefficient (beta) shows that, rather than vice versa, better financial performance results from better credit risk management strategies. Credit evaluation processes had the highest beta value, 0.460; so, a change in these processes is related to better financial performance. At 0.461, the credit risk control techniques show the highest beta value; at 0.108, the credit monitoring techniques show the lowest beta value. Credit identification and financial performance have a negative link given the negative (-.009 beta value.

With a p-value of 0.000, which was judged significant at the 1% level, Table (4.11) reveals that credit risk control techniques have. The results revealed that approaches of credit risk management greatly and favourably influence financial performance. With a 1% significance level, the p-value of 0.000 from the credit assessment techniques was judged remarkable. The results revealed that credit assessment practices help to improve financial performance. At the 10% significance level, credit monitoring techniques' p-value of 0.061 was judged noteworthy. This implies that financial performance varies in response to credit monitoring practices. Given a p-value of 0.551, credit identification was judged unaffected. This implied that financial performance has nothing influence on credit identity. Credit evaluation is the practice most affecting financial performance.

CHAPTER V
CONCLUSION

This chapter focuses on drawing conclusions about the study's findings based on the data analysis results. The results of the investigation into the financial performance and credit risk management procedures at CHID Bank Myanmar are provided in this chapter. The study of CHID Bank's financial performance and credit risk management procedures is covered in Chapter III. Thereafter, recommendations and suggestions are made. The study's contribution and recommendations are then made public.

5.1 Finding and Discussion

Examining how credit risk management practices, credit identification, client assessment processes, credit risk control, and credit monitoring affect CHID Bank's financial performance is the main aim of the research. To accomplish the study's goal, 133 respondents representing all CHID Bank managerial level employees were polled. In terms of the respondents' demographics, the bulk of those in this study are under 30 years old and female. When it comes to respondents' educational backgrounds, most have a bachelor's degree. The majority of the employees at CHID Bank have also been there for two to five years, and they receive a respectable salary of almost one million Ks per month. With less than three years of experience, the majority of respondents are supervisor level employees. When asked how they believe their bank handles unexpected risk or credit crunches, the majority of employees said that their bank handles these situations by reviewing their strict lending policies. Furthermore, the majority of workers indicated that the biggest obstacle to the effective application of credit risk management policies is the difficulty in quantifying risks.

The study shows that the bank evaluating applicants' character, including their credit history, has the lowest mean score; the bank evaluating loan applicants' capacity to repay credit facilities has the highest mean score. Regarding credit assessment processes, the study found that employee views of the bank's checking an applicant's credit history to see if they are on a blacklist or not and providing bank loans have the highest mean score; employee views of the bank's guaranteeing the sufficiency and enforceability of collateral or guarantees have the lowest mean score. Regarding the credit risk control practices factor, the study found that the ability to classify loans based on the degree of borrower weakness has the highest mean score; yet, the perception that credit control staff members possess the necessary skills and knowledge to continue controlling activity and the bank's credit control activity, which facilitates early identification of problematic loans, has the lowest mean score. Regarding credit monitoring practices, the research found that the mean score of the bank's periodic and ongoing loan review following loan approval is greatest. The lowest mean score in CHID Bank is for the view of consistent, sufficient credit follow-up, periodic principal plus interest, and timely loan repayment.In this study, financial performance of CHID Bank is considered together with profit and return on equity. Effective credit risk assessment policies have been driving the bank with the highest mean score to be raising its market share over the previous five years. These procedures find all possible hazards present in every banking activity that can influence the bank or its operations itself. The study was carried out in line with elements influencing financial performance. The study indicates that employee view of the bank's return on assets (ROA) has changed with regard to general profits. In this sense, CHID Bank scores lowest mean.

The major goal of the study leads one to infer that credit risk control methods and credit evaluation have a quite favourable effect on financial situation. Furthermore, it can be deduced since financial performance is also benefiting from the credit monitoring policies.

5.2 Suggestions and Recommendations

These suggestions for CHID Bank on how credit risk management strategies affect financial performance come from here. These suggestions are grounded in study and results that revealed:Based on the results of credit risk assessment showing that credit risk identification has a minor impact on financial performance and credit risk assessment has the largest significant influence, some advice and suggestions can be provided for CHID Bank. First of all, the bank should improve its credit risk assessment procedures since clearly affecting financial performance is this. This can involve investing in advanced risk assessment tools and methodologies, as well as providing ongoing training for the credit appraisal team to ensure they can accurately evaluate and mitigate risks. Additionally, although credit risk identification is currently not significantly affecting financial performance, it remains a crucial step in the overall risk management process. Therefore, efforts should still be made to streamline and improve identification processes, perhaps by integrating more robust data analytics and early warning systems to better detect potential risks. By focusing on these areas, CHID Bank can strengthen its overall credit risk management framework, ultimately leading to improved financial performance and stability.

Banks should establish clear and legally binding agreements with borrowers or guarantors that outline the terms and conditions of the collateral or guarantee. These agreements should be drafted by legal professionals to ensure enforceability. Banks should periodically review the value and condition of the collateral to ensure its continued adequacy. If the value of the collateral decreases significantly, banks may need to request additional collateral or take other measures to mitigate the risk. Banks should maintain accurate and up-to-date documentation related to collateral or guarantees. This includes records of the collateral's value, ownership, and any changes made to the agreement. Proper documentation helps establish the enforceability of the collateral or guarantee.

Third, CHID Bank should re-consider about the skill and expertise of credit control staffs to carry on controlling activity and whether the credit control activity of the bank enables early identification of problem loans since that points are the lowest mean for credit risk control practices. Forth, the study found that CHID Bank need to think about to do regularly adequate credit follow up and to monitor periodic repayment of principal plus the interest and monitor the in-time repayment of credit loans since these are the lowest mean score item and most of employee are dissatisfied on these points.

Based on the findings, banks should explore cooperating with credit monitoring service providers to improve their credit monitoring skills. These systems can send out timely alerts and notifications when consumers' credit profiles change, assisting banks in identifying possible hazards or fraudulent activity. Regularly analyzing consumers' credit reports can provide useful information about their creditworthiness and financial health. Bank should implement mechanisms for obtaining and analyzing credit reports on a regular basis to detect any negative changes or potential threats. Banks should employ risk-based monitoring processes, with a greater emphasis on customers with higher credit risk profiles or who engage in higher-risk transactions. This targeted approach allows banks to allocate resources effectively and prioritize monitoring efforts for monitoring key financial indicators, such as debt-to-income ratios, payment history, and credit utilization, can provide banks with a comprehensive view of customers' financial health. Tracking these indicators can help identify customers who may be at higher risk of default or financial distress. Banks should provide training to their staff on credit monitoring practices, including how to implement potential credit risks and respond appropriately. Well-trained staff can play a crucial role in effective credit risk management.

Finally, since ROA is the lowest mean score out of all the points, CHID Bank should take into account whether the bank's ROA value has increased in relation to overall profits when evaluating its financial performance. As a result, this study concludes that CHID Bank should be aware of the following: should evaluate the creditworthiness of loan applicants; should analyze the bank's clientele; should ensure that any collateral or guarantees provided by the bank are adequate and enforceable; should reevaluate the staff's skill and knowledge in conducting credit control activities; should consider conducting adequate credit follow-up on a regular basis; should monitor the timely repayment of credit loans; and should consider whether the bank's return on assets (ROA) has increased in relation to overall profits. CHID Bank will perform financially well by doing this.

5.3 Needs for Further Research

The main emphasis of this study is how credit risk management techniques affect CHID Bank's financial performance in Yangon alone. Data from several CHID Bank divisions or states is not included in this study. Thus, more study in other domains has to be conducted. If more resources including time and money were committed to further studies that investigate the effect of credit risk management strategies on financial performance in other sectors with higher sample sizes, the outcomes would be more beneficial. These studies would also be grounded on other staff members and credit risk control strategies. The study also used a self-rating Likert scale; so, open-ended questions ought to be included into further studies. This study does not encompass the banking industry taken as whole. Consequently, more study should look at the financial situation and credit risk control techniques of other banks.

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APPENDIX

Questionnaire

Survey Questionnaire for Employees

As one of the candidate of Executive Master of Banking and Finance Program at Yangon University of Economics, this title is “Credit Risk Management Practices and Financial Performance of CHID Bank”. Your co-operation to answer the following questions is very important helping in my research. All the information collected is used for this research purpose only and the answers provided by respondents are kept with confidence and anonymous. Thank you in advance for your participation in this research.

PART (A)

Employee Related Information

Make the selected point with (√).

(မေးခွန်းများအား (√) ခြစ်၍ ဖြေဆိုပါ။)

1. Gender: What is your gender?

☐ Male ☐ Female

2. Age: What is your age? *

☐ Less than 35 years ☐ 36 – 45 years ☐ 46 – 5 years ☐ above 55 Years

3. What is your education level? *

☐ Under graduate ☐ Bachelor Degree ☐ Master Degree ☐ Ph.D

4. What is your approximate monthly income? *

☐ Less than 1000,000 Ks ☐ 1000,001 – 4000,000 Ks ☐ 4000,001 – 8000,000
☐ Ks More than 8000,000 Ks

5. How long have you worked for CHID Bank?
   - ☐ Less than 1 years
   - ☐ 1 year – 3 years
   - ☐ 3years – 5years
   - ☐ 5 years and above years

6. What is your job position in CHID Bank? ……………………………………….
7. How best you think your bank respond to unforeseen risk or credit crunches?

- ☐ Reduce employment
- ☐ Revised or Strong Lending policy
- ☐ Increase capital reserve ratio
- ☐ Other (if other---)

8. Major Challenges faced in successful implementation of credit risk management policies
   - ☐ Difficulty in quantifying risks
   - ☐ Timeliness and quality of information
   - ☐ Lack of necessary knowledge and skill
   - ☐ Lack of technical knowledge and trained personal
   - ☐ Business priorities are often conflicting
   - ☐ Weakness in banking process policy and procedures
   - ☐ Other (if other---)

PART (B)

Credit Risk Management Practices

Please indicate the degree for each statement by making a choice the scale below. 1 = strongly disagreed (လွန်စွာကန့်ကွက်သည်) 2 = disagrees (ကန့်ကွက်သည်) 3 = neutral (သေချာမသိပါ) 4 = agree (ထောက်ခံသည်) 5 = strongly agreed (လွန်စွာထောက်ခံသည်)

(1) Credit identification

No	Statement	1	2	3	4	5
1.	Ensuring CHID Bank’s credit identification processes are efficient.					
2.	Evaluating the net worth of the client’s business.					
3.	Checking business proposals and business plans to identify credit risks the bank is exposed to.					
4.	Analyzing the character of the clients, such as the credit history of loan applicants.					
5.	Assessing the necessity and worthiness of providing credit.					
6.	Analyzing the capacity of the loan applicants to assess their ability to repay the credit facility.					
7.	Undertaking specific analysis, including the applicant’s character, capacity, collateral, and conditions, before granting credit.					

(2) Credit Appraisal Practices

No	Statement	1	2	3	4	5
1.	Checking the applicant's credit history to determine if the applicant is under blacklisted customers is undertaken by CHID Bank when offering bank loan services.					
2.	Determining the borrowers' ability to repay a loan based on credit repayment history is done by CHID Bank.					
3.	Apprising the risk profile of the borrower is a task undertaken by CHID Bank.					
4.	Conducting checkups or forecasts on the business operating environment of the borrower is part of CHID Bank's procedures.					
5.	Performing credit scoring to identify credit risks and determine financial requirements on credit applications is essential for the bank.					
6	Ensuring the adequacy and enforceability of collateral or guarantees is performed by the bank.					
7.	Evaluating the amount of financing needed compared to the business size, in terms of capital, total debts, and total assets, is conducted by the bank.					

(3) Credit Risk Control Practices

No	Statement	1	2	3	4	5
1.	Classifying loans based on their or borrower weakness level, the existing credit control enables effective management.					
2.	Having adequate skill and expertise to carry on controlling activity, credit control staffs are crucial in CHID Bank.					
3.	Enabling early identification of problem loans, the credit control activity of the bank is proactive.					
4.	Publishing credit monitoring and controlling reports regularly is part of CHID Bank's practices.					
5.	Keeping track of borrowers' compliance with credit terms and identifying early signs of irregularity, conducting periodic valuation of collateral, and monitoring timely repayments are included in CHID Bank's control practices.					
6.	Effectively controlling and monitoring the credit limit of every counterparty is a priority for CHID Bank.					
7.	Adopting a standard reporting system about the credit management practice from bottom to top management					

(4) Credit Monitoring Practices

No	Statement	1	2	3	4	5
1.	Performing periodic and continuous loan review after the loan is approved is standard practice at the bank.					
2.	Making strong and quality credit inspections timely is a priority for CHID Bank.					
3.	Regularly conducting adequate credit follow-up ensures proactive risk management.					
4.	Tracking a borrower’s financial condition regularly and advising the borrower about his credit status are responsibilities of the bank’s management.					
5.	Monitoring periodic repayment of principal plus interest and ensuring timely repayment of credit loans are essential tasks.					
6.	Regularly assessing or checking up on collateral coverages related to the borrower's financial health is part of CHID Bank's risk management practices.					
7.	Identifying contractual payment delinquencies is a critical part of CHID Bank's credit monitoring procedures.					

PART (C)

Financial Performance

Please indicate the degree for each statement by making a choice the scale below.

1 = strongly disagreed (လွန်စွာကန့်ကွက်သည်)   2 = disagrees (ကန့်ကွက်သည်)

3 = neutral (သေချာမသိပါ)   4 = agree

(ထောက်ခံသည်) 5 = strongly agreed (လွန်စွာထောက်ခံသည်)

Financial Performance

No	Statement	1	2	3	4	5
1.	Implementing efficient credit risk management practices has been vital in preventing the occurrence of bad debt and non-performing loans and improving financial performance.					
2.	Depending on the effectiveness of credit management practices, most of the income is earned from interest on loans extended, influencing the financial success of a bank.					
3.	Practicing credit risk assessment can accurately predict the future capability of a borrower to meet his/her financial obligations, thus reducing the default risk in the future.					
4.	Managing credit risk has affected the bank’s ROI.					
5.	Monitoring and controlling credit using techniques that support bank profitability to prevent bad debt and non-performing loans.					
6.	Increasing bank deposits due to effective and efficient credit risk management practices decreases non-performing loan status, which can affect loan performance and financial performance in financial institutions.					
7.	Conducting effective credit risk assessment practices is essential to identify all possible risks inherent in banking operations that may affect the bank.					
8.	Rising with respect to overall profits, the bank's ROA value has increased.					
9.	Decreasing overall in the bank financial risks and scandals has been observed.					
10.	Increasing market share over the past five years has been observed in the bank.					

Thanks for taking of your time to complete the questionnaires!