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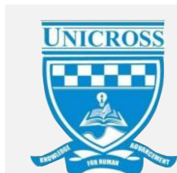

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EFFECT OF DEBT RECOVERY TECHNIQUES ON THE PERFORMANCE OF THE BANKING SECTOR (A STUDY OF SELECTED DEPOSIT MONEY BANKS IN OGOJA, CROSS RIVER STATE, NIGERIA)

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Abstract

The main objective of this study was to examine the effect of debt recovery techniques on the performance of the banking sector: a study of selected deposit money banks in Ogoja. The specific objectives were to examine the effect of debt rescheduling on the performance of selected deposit money banks in Ogoja, to determine the effect of repossession of security on the performance of selected deposit money banks in Ogoja, and to examine the effect of auction on the performance of selected deposit money banks in Ogoja. This study adopted the descriptive research design. The target population for this study comprises of 83 staff (management and non-management) of Zenith bank plc, Access bank Plc and First bank Plc, Ogoja. 50 employees were judgmentally selected for the study. This study used a well-structured questionnaire to gather data from the respondents. The data collected was analyzed using the Ordinary Least Square regression with the aid of Statistical Package for Social Sciences (SPSS 27.0) with the output presented using descriptive and inferential statistics. The study revealed that debt rescheduling has a significant effect on the performance of selected deposit money banks in Ogoja. The study further revealed that repossession of security has a significant effect on the performance of selected deposit money banks in Ogoja. Also, the study found that auction has a significant effect on the performance of selected deposit money banks in Ogoja. Based on the findings, it was recommended that banks should select borrowers carefully and making sure the information, they provide is also carefully looked at to avoid borrowers misleading loan officers on their loan applications.

Keywords: Loans, Bank Lending, Debt Recovery Techniques & Bank Performance.

1. Introduction

The issue of loan recovery has emerged to be a matter of concern among financial institutions globally (Kaveri, 2016; Sah, 2015). The essence results from the critical position occupied by loans in determining any financial institution's financial health status (Messai & Jouini, 2013; Ozili, 2019). Although loan recovery is a global challenge, it is even more complicated in poor and developing countries and specifically among

commercial banks (Ali, 2014; Chen et al., 2019). The challenge is attributed to internal procedural weakness, which is evident in many commercial banks in developing countries (Kimasar, 2014; Sarma & Borbora, 2014). Loan recovery refers to the totality of efforts initiated by the lender to ensure the borrower repays the borrowed money as per agreed terms and conditions (Kaveri, 2016; Sah, 2015). For the loan recovery to be implemented, commercial banks need to ensure the availability of solid policies through which guidelines and procedures emanate (Marini et al., 2017; Osunde & Mayowa, 2012). Moreover, this is the heart of loan recovery in loan recovery where success or failure of the process can be traced from this component.

In the United States of America (USA), Altman, Resti and Sironi, (2014) conducted a study of default recovery rates and credit risk modeling, the findings showed that as the default rate increases the debt recovery rate rises. It therefore calls for techniques and measures to be adopted to make sure that credit risk is quickly reviewed to reduce or lower default rate. In India, Visaria, (2019) confirms that court negotiation is supportive in debt recovery by financial institutions. He acknowledged that legal enforcement is sluggish in assisting in debt recovery. Visaria (2019) presupposes that difference in court negotiation in India affects the debt recovery techniques through the legal means this is due to unobservable country specific factors that affect performance, growth and financial decisions of financial institutions. The introduction of judicial arbitration assisted in debt recovery in Indian banks.

In Africa, according to Brownbridge, (2018) many banks have suffered financial distress and failure due to poor use of debt recovery techniques and non-performing loans. For instance, in Nigeria many of these banks have been closed by regulatory authorities having some of them restructured. According to John, (2019) the banking sector in Nigeria has experienced high non-performing loans in the years 2011-2015. This meant that debt recovery at bank level is not doing very well thus making loans being confirmed offending.

Kiyai, (2013) further states that in commercial banks, loans interest is calculated by use of the principal sum per year, will also be paid occasionally in the interval, have to be paid by the set date, or, such as monthly or annually. The utmost challenge to institutions that lend has been the high pace of evasion in loan payments led by bad economic situation. This forces them to obtain more expenses towards recovery of the debts and loans. It is therefore against this background that the study aims to evaluate the effect of debt recovery techniques on performance of the banking sector.

2. Statement of the problem

The increasing level of non-performing loan rates in banks books, poor loan processing, undue interference in the loan granting process, inadequate or absence of loan collaterals, lack of effective follow up among other things are linked with poor and ineffective credit risk management that negatively impact on banks performance.

Debt rescheduling, repossession of security and auctions are amongst the various techniques that banks can employ in the process of debt recovery. Kinyua, Kiiru, and Njoroge, (2022) found that auction had a negative effect and not significant to the rate of repayment performance. Sikira (2021), found that NFBS, SMF and AML found in Dar-Es-Salaam, Tanzania used debt rescheduling in loan recovery procedures while Cheptum (2019) found that the credit collection practices such as repossession of security have a significant positive effect on the financial performance of the manufacturing firms. However, no study has been carried out to examine the effect of these debt recovery techniques on the performance of banks in Ogoja. This gap in findings necessitated this study. Therefore, this study sought to explore the effect of debt recovery techniques on the

performance of the banking sector: a study of selected deposit money banks in Ogoja.

3. Objectives of the study

The main objective of this study was to examine the effect of debt recovery techniques on the performance of the banking sector: a study of selected deposit money banks in Ogoja. The specific objectives were;

i. To examine the effect of debt rescheduling on the performance of selected deposit money banks in Ogoja
ii. To determine the effect of repossession of security on the performance of selected deposit money banks in Ogoja
iii. To examine the effect of auction on the performance of selected deposit money banks in Ogoja.

4. Literature review

4.1 Conceptual framework

4.1.1 Concept of a loan

A loan is an agreement to advance a certain amount of money with interest over a specified time period, sometimes also for a specific purpose. The primary characteristics of a bank loan are that it is sanctioned for a predetermined period of time and at an agreed-upon interest rate (Sah, 2015). A separate loan account is opened in the name of borrower with the amount of loan sanctioned, the loan sanctioned has to be taken in full and not partially as the full amount is transferred to the debit side of the account and starts bearing interest from the date of entry in the debit side, from his loan account the customer is allowed to transfer the amount to his current account, installment repayment of loan is not permitted. But relaxation depends on the bank's discretion (Kumar et al, 2012).

A bank's primary operations are money lending and deposit taking. Receiving a deposit entails no risk because the banker has an obligation to return the deposit whenever it is requested. Yet, because there is never a guarantee of repayment, lending carries a lot of risk. But a banker can only make the majority of his money via lending (Ozili, 2019). A banker should be very cautious in lending because he is not lending money out of his own capital. A major portion of the money lent comes from deposits received from the public. These deposits are mostly repayable on demand (Mithani et al, 2018).

In finance, a loan is the lending of money from one individual, organization or entity to another individual, organization or entity. A loan is a debt provided by an entity (organization or individual) to another entity at an interest rate, and evidenced by a note which specifies, among other things, the principal amount of money borrowed, the interest rate the lender is charging and date of repayment (Point, 2020). A loan entails the reallocation of the subject asset(s) for a period of time, between the lender and the borrower (Guttentag, 2017).

Loan is generally provided at a cost, referred to as interest on the debt, which provides an incentive for the lender to engage in the loan. In a legal loan, each of these obligations and restrictions are enforced by contract which can also place theborrower under additional restrictions known as loan covenants (Ozili, 2019).

4.1.2 Bank lending principles

Lending of cash to different sorts of borrowers is one among the foremost important functions of banks. a serious portion of its fund is employed for this purpose and this is often also the main sources of a bank's income (Meghana, 2020). However, lending is not without risk. The borrowers of a bank range from individuals to partnership, companies, institutions, societies etc. The character of their activities, the situation of business, financial stability, earning and repaying capacity, purpose of advance, securities all differ and their degree of risks are also different. Therefore, a banker must take necessary precaution during this process. A number of the vital considerations to be kept in

mind by a banker during this respect are discussed below:

i. **Safety:** Safety means the borrower should be ready to repay the loan and interest in time at regular intervals without default. Banks are trustee of public money (Sah, 2015). Bank deposits are always payable on demand. Bank have therefore got to maintain trust of depositor forever. intrinsically the primary and foremost principle of lending is to make sure safety of funds lent.

ii. **Liquidity:** The term liquidity refers to the extent of availability of funds with the banker for providing credit to borrowers. It's to be seen that cash lent isn't getting to be locked up for an extended time (Konig, 2020). The cash should return to the bank as per the repayment schedule. This schedule that's prepared by the banker has got to adhere to the need that at any point of your time the banker should possess liquidity to satisfy the withdrawals of the depositors. It's to be kept in mind that various deposits have various maturities and a few of them might even be payable on demand. A bank's inability to satisfy the demand of its depositors can cause a run on the bank which may be a threat to its basic survival (Segal, 2020). Hence the banker has got to always monitor the cash flows and perform the exercise of ensuring liquidity with the borrower as this successively means liquidity with the banker.

iii. **Purpose:** The aim should be productive in order that the cash not only remains safe but also provides a particular source of repayment. Loans could also be required for productive purposes, trading purposes, agriculture, transport, self-employment etc. If a loan is required for a non-productive or speculative purpose, the banker should be considerably cautious in entertaining such proposals (Olokoyo, 2019). it's very difficult to make sure that the loan has been utilized for the aim that it had been sanctioned. Bankers should take follow-up measures to make sure end use of funds is exactly for an equivalent purpose that it's borrowed.

iv. **4.1.3 Profitability:** Banks aren't charitable institutions. They are profit-earning institutions. the main objective of lending is to earn profits. Banks receive interest on loans and advances lent, and that they pay interest to their depositors. This difference between the receipts and payments are going to be the bank's gross profit margin (Segal, 2020). Banks further incur various expenses as any organization does. After accounting for all such expenses and provisions, banks need to earn reasonable amount as net income (NIM) in order that dividends are often paid to its shareholders. The trust and confidence level of the customer and investor are going to be high with a bank that features a good diary of profits and dividend rates. Hence, it's important that regardless of the business the bank engages itself with, the business be profitable enough not just to hide its costs but to make sure generation of surplus funds or margin. it's prudent for the banker to think about overall profitability of the whole business that's undertaken instead of the profitability against each component of business or service offered (John, 2019).

v. **4.1.4 Security:** Another principle of sound lending is that of the security of lending. Security offered against loans or a loan could also be various. It might be a plot of land, building, flat, insurance policies; term deposits etc. (Konig, 2020). There may even be cases where there's no security in the least. The banker must realize that's it's only a cushion to fall back upon just in case of need. The safety if accepted must be adequate and readily marketable, easy to handle and free from encumbrance. it's the duty of the banker to see the character of the safety and assess whether it's adequate for the loan granted (John, 2019).

vi. **4.1.5 Diversification:** According to Sah (2015), a prudent banker always tries to pick the borrower very carefully and takes tangible assets as security to safeguard his interests. If the bank

lends large amounts to one industry or borrower, then the default by that customer can affect the banking system as an entire and can affect the essential survival of the industry. To safeguard his interest against all such risks, the banker follows the principle of diversification of risks supported the famous maxim 'never keep all the eggs in one basket'. By lending funds to different sectors, a bank can save itself from the slump in some sectors by way of prosperity within the others. Banks need to lend to an outsized number of industries and borrowers in order that the danger gets diversified (Konig, 2020)

vii. **National Interest:** Even when an advance satisfies all the aforesaid principles, it's going to still not be suitable. The advance may run counter to national interest. Bank features a significant role within the economic development process of the country (Konig, 2020). They ought to confine mind the national development plan/program while going for lending but maintaining safety, liquidity and profitability.

4.2 Concept of debt recovery

Debt recovery is the process of pursuing loans which have not been repaid and managing to recover them by convincing the loanees to make attempts to repay their outstanding loans (Ozili, 2019). Normally, this role of recovering loans is not an easy task as clients will go out of their way to prove inaccessible to the lender (bank). The banking industry in most cases has a debt recovery unit which is in charge of following loans before they become delinquent and make attempts to recover the loans (Konig, 2020). Debt recovery is a very important component of banking as it plays a key role in ensuring that the main objective of the bank (to issue loans) results into the desired outcome of making a margin out of the loans advanced.

It is evident that the presence of debt recovery puts pressure to the loanees to pay up lest they get the dreaded calls from the banking staff through the debt recovery unit. Debt recovery unit is involved in the day today role of ensuring that the loans issued to the bank's customers are repaid as per the schedule of contract signed by the customer and bank (Point, 2020). The task of debt recovery entails compiling a list of overdue loans and proactively managing the loans by calling up customers who are defaulting. This unit is equally charged with the role of liaising with lawyers to draft demand letters to the loan defaulters and sending the same to the customers who are defaulting (Meghana, 2020).

4.2.1 Debt recovery procedures of banks

According to Migwi, (2013) the following are considered to be the debt recovery procedures of banks;

i. Debt rescheduling

Denotes a change within the existing terms of a loan. A financial organization should consider rescheduling a debt when it's determined that the rescheduling is within the government's interests which recovery of all or a share of the debt is fairly assured (Maphartia, 2014). With installment payments, before rescheduling a debt, the agency should reassess the debtor's financial position and the flexibility to repay the debt if rescheduled. The agency should also determine if it should in the least require the debtor to use pre-authorized debit for making payment (John, 2019).

In reference to any repayment arrangement, the terms and conditions of the rescheduling, including the acceleration clause, must be in writing and signed by the debtor. The bank shouldn't encourage informal workout arrangements with debtors (Ozili, 2019). Each bank should establish uniform policies, procedures and criteria for rescheduling. Its policies and procedures should leave the popularity of gains and losses on rescheduled accounts in accordance with the provisions of credit management standards.

ii. Repossession of security

This is aimed toward recovery of dues and not in any way to deprive the borrower of the property. The recovery process through repossession of

security will involve the repossession, valuation of security and the attainment of security through appropriate means (Konig, 2020). These would be administered in a very just and transparent manner. Repossessions are done only after issue of the notice as detailed above. The due process of law is going to be followed while taking repossession of the property. The bank will take all due care for ensuring the protection and security of the property after takes custody, within the ordinary course of the business (Umoh, 2017).

In efforts to recover a delinquent debt, a bank may use the services of personal collection agencies (Early, 2016). Private collection agencies charge fees, these fees are paid out of amounts collected. The creditor agency preserves the ultimate authority to resolve disputes, compromise debts, suspend or terminate collection action, and refer accounts to Credit Reference Bureaus.

iii. Credit scoring systems

This could be employed by the banks as a credit recovery strategy. A credit score this is a number that's strategy. A supported by a statistical analysis of a borrower's credit report, and is employed to represent the creditworthiness of that person. A credit score is based on credit report information. Lenders, like banks use credit scores to gauge the potential risk posed by giving loans to consumers and to mitigate losses because of debt. Using credit scores, financial institutions determine who are the foremost qualified for a loan, at what rate of interest, and to what credit limits (Capon, 2012). While written language, telephonic reminders or visits by the bank's representatives to the borrowers' place or residence are going to be used as loan follow up measures, the bank won't initiate any legal or other recovery measures including repossession of the safety without giving due notice in writing. The Bank will follow all such procedures as needed under law for recovery /repossession of security. (Migwi, 2013).

iv. Auctions:

Githuku (2015) proposes that an auction is a practice of buying and selling services and goods through offering those (goods) due bid, receiving bids, and then selling the goods to the bidder who bids the highest. The open increasing price auction is possibly the most common form of auction used today. Contestants bid frankly against one another, with each subsequent bid need to be higher than the previous bid. Bidders may call out their bids themselves, an auctioneer may have a proxy or announce prices and call out a bid on their behalf, or bids may be presented electronically with the highest present publicly displayed bid. The auctioneer starts with a high asking price for some quantity of like items; the cost is lowered until a member is willing to accept the auctioneer's price/cost for some quantity of the goods and services in the lot is met. David (2017) in his study indicated a small underpricing of treasury auction securities within the order of magnitude of a basis of higher yield.

4.3 Theoretical framework

This study was anchored on the Credit market theory

4.3.1 Credit market theory

Credit Market Theory was developed by Karl Brunner in 1966. The theory postulates that if collateral and other pertinent restrictions remain given, then it is only the lending rate that determines the amount of credit that is dispensed by the banking sector. Therefore, with an increasing demand for credit and affixed supply of the same, interest rates had risen. Any additional risk to a project being funded by the bank should be reflected through a risk premium that is added to lending rate to match the increasing risk of default.

The theory assumes that there exists a positive relationship between the default probability of a borrower and the interest rate charged on the advance. It is thus believed that the higher the failure risks of the borrower, the higher the interest premium (Ewer *et al,* 2020).

This theory is fit for the study because it relates to the borrower and the lender. It states that the borrower has a more accurate assessment of the risk profile of this investment that is not known by the lender and thus may perform secret actions to increase the risk of his investment without the realization of the lender. The adverse selection problem appears as lenders raise their interest rates to shield themselves from default and on the other hand attract only high-risk borrowers and eliminate low risk borrowers.

4.3.2 The real bills doctrine or commercial loan theory:

The real bills doctrine or commercial loan theory which was propounded by Adam Smith in 1776 states that, a commercial bank should advance only short term self-liquidating productive loans to business firms (Meghana, 2020). Self-liquidating loans are loans which are meant to finance the production and movement of goods through the successive stages of production, storage, transportation and distribution. When such goods are ultimately sold, the loans are said to liquidate themselves. Short term liquidity productive loans mature in the short run and are for productive purposes only, there is no risk of them becoming bad debts. They also earn income for the banks.

The advantage of this theory is that there is no risk of the loan becoming a bad debt and also loans of this nature are high on productivity making it easy for banks to earn a high income (Point, 2020). The limitation however is that, if the loan is declined by the bank in order for the old loan to be repaid, it will mean that the borrower would have to minimize production which will affect activity of the business and it may result in the reduction in money supply thereby making it impossible for debtors to repay their loans in good time.

4.3.3 The anticipated income theory

This theory was advanced by Prochanow (1944). For the anticipated income theory, irrespective of the nature and character of a borrower's business the bank plans for the liquidation of the loan from the anticipated income of the borrower. The bank puts limitations on the financial activities of the borrower while granting them this loan. At the time the loan is granted, the bank takes into consideration not only the security but the anticipated earnings or income of the borrower. Thus, a loan by the bank gets paid out of future income of the borrower in instalments (Meghana, 2020).

According to Point, (2020), the advantage of the anticipated theory of income is that it meets all the three objectives of liquidity, safety and profitability. Liquidity is said to be settled to the bank when the debtor saves and repays the loan on a regular basis after a period of time. Safety is fulfilled as a principle when, the bank permits a relaying on good security and also the ability of the borrower to repay the when, the term loan is said to be highly profitable for the business community of which collects funds for medium terms. The limitation of this theory however is that, it does not adequately meet the emergency cash requirements.

5. Empirical review

Atandi and Kuiri, (2022) examined debt collection strategies and financial sustainability of mobile Lending Firms. The study methodology applied was cross sectional, descriptive and correlational survey designs using both quantitative and qualitative research approaches. The target population of the study was 900 respondents but the selected sample size used in the study was 269 respondents. Data collected was both primary and secondary which was analyzed using both descriptive and inferential statistics. The major findings of the study indicated that there is a need to improve on credit recovery efforts to ultimately enhance the firm's income and minimize losses, credit collection strategies should encourage borrowers to repay their debt rather than antagonizing them and ineffective financial management policies can eventually cause inefficiency in financial services. The study proposes further research to

be conducted on the effect of government regulations on performance on sustainability of mobile lending firms.

Obae and Jagongo, (2022) examined the objectives of the effect of credit rationing and client appraisal, on the loan performance of commercial banks in Kenya. The appropriate research design was descriptive survey applied to the targeted 38 commercial banks in the country. Questionnaire instrument assisted in collecting primary data on credit management practices while secondary information on loan performance was obtained from document review form based on loan records of 2018-2020. SPSS (v-21) aided the descriptive as well as inferential analyses of data. The findings of the regression analysis showed that the predictions in the model provide a positive correlation (R = 0.759) with loan performance. The coefficient of determination (r2) was 0.5761. The predictors of credit rationing and client appraisal were all significant as an increase in unit on credit rationing could lead to an increase in loan performance by 0.356. In addition, a unit increase in the client appraisal could lead to an increase in loan performance by 0.408. Further the results indicated that at 95 percent confidence level, credit rationing (p-value = 0.001) and client appraisal (p = 0.001) were significantly found in the regression model. The study concluded that debt collection has a significant impact on performance of loans, which is better to collect debt as the shorter debt collection period would lead to improved performance of commercial bank loans. The assessment also concluded that client appraisal has a significant effect on credit performance of the banking sector, implying the development of client appraisal would improve the performance of loans in the banking sector. Hence, the analysis concluded that commercial banks' loan performance was largely linked to efficiency in credit management practices adopted by the financial institutions. Based on the assessment findings, the study recommended that credit management practices should be adopted and applied equally by all commercial banks in Kenya to reduce the amount of non-performing loans in the banking sector.

Kinyua, Kiiru, and Njoroge, (2022) examined Effect of Loan Recovery Strategies, Loan Collection Strategies, and Borrower Characteristics on the Repayment of Revolving Funds in Kenya. The study focused on the government revolving funds in Kenya that were disbursed from 2010 to 2019, and it was carried out within 18 months from January 2020 to June 2022. The target population was 181 Youth officers in the constituencies and WEF Officers in the 47 counties. SPSS version 23 was used to analyse data. Purposive sampling was used to obtain the sample size and questionnaires were used to collect the data. The auction had a negative effect and not significant to the rate of repayment performance, (-1.953, P-0.094). It implies that an increase of collection budget by one shilling the rate of repayment performance decreases by 1.953, all other factors kept fixed Number of employees employed to collect arrears had a positive effect and not significant on the rate of repayment performance, (coefficient 1.28, P- 0.350). It means that an increase in number of employees for collection with one, the rate of repayment performance increases 1.28 times. The results show that, the credit risk training had a negative effect and not significant on the repayment performance (coefficient -2.174, P- 0.28). It means that if credit risk trainings are increased by one, the rate of repayment performance decreases 2.174 times when all other factors are kept fixed. The 3rd party services, had a positive effect and not significant on the repayment performance, (coefficient 2.587, P-0.389). It means that, an increase in 3rd party service providers by one, increases repayment performance 2,174 times, all other factors held constant. Number of external debt collectors involved had a negative effect and not significant on rate of repayment performance (coefficient -3.889, P-0.133) meaning, increase in number of external debt

collectors by one, decreases the rate of repayment performance by 3.889 times. All individual characteristics have positive effect and not significant to the repayment performance. It was concluded loan recovery implementation strategies and collection strategies have no significant effect on repayment performance. However, borrower characteristics have positive effect, but were not significant to the repayment performance.

Enoch, Digil and Arabo (2021), evaluates the effect of collection policy on portfolio quality of microfinance banks in Adamawa State, Nigeria. Real data were collected from 51 credit officers, then a multi-stage sampling method was used to select a sample of 21 respondents from the population (i.e., 51 credit officers). In addition, he used regression analysis and descriptive statistics to analyze the data collected and to also test our proposed hypothesis. Based on the evaluation performed, the results showed that collection policy has a higher effect on portfolio quality. Hence, the study showed that microfinance banks should adhere to strict or stiff debt collection policy as strictness in collection policy help the banks to recover their loans, thereby improving the portfolio quality of the bank.

Sikira (2021), examined the loan recovery procedures at NFBS, SMF and AML found in Dar-Es-Salaam, Tanzania. The researcher employed a mixed- case study design, which involved 50 credit officer respondents obtained under the purposive sampling. The study used semi-structured questionnaires to gather primary data and also secondary data from documents available at NFBS, SMF and AML. Data were analysed using simple descriptive statistics with percentages and frequencies for quantitative data, while thematic analysis was used for qualitative data. The study found that NFBS, SMF and AML used loan recovery procedures such as debt rescheduling, friendly reminder, and issuance of final demand notice. Another procedure is to inform the local government on property selling and using a debt collection agency. The study recommends for MFIs to establish and prefer formal procedures that can be used for loan recovery because the use of informal procedures creates room for conflict and leads to ineffectiveness of recovering loans.

Cheptum (2019), establish the effect of credit collection practices on the financial performance of manufacturing firms in Kenya. The study adopted two research designs; descriptive and causal. The accessible population for the study was 558 registered manufacturing firms. Stratified sampling technique was used to select the sample size and a sample of 233 manufacturing firms was arrived at using Yamane's formula. Questionnaires were the main instruments used to collect primary data. Both descriptive and inferential statistics were utilized in data analysis with the aid of SPSS. Data presentation methods used included frequency tables and percentages. Data collected were tested using, univariate test to provide an insight using both parametric (F-test) and non-parametric test (Pearson correlation coefficient). Multivariate analysis was also carried using the multiple regression analysis which indicated the level of the relationship that existed between the independent variables and the dependent variable. Findings indicate that the credit collection practices such as repossession of security have a significant positive effect on the financial performance of the manufacturing firms ($p<0.05$). This can be attributed to the fact that owners of manufacturing firms have the ability to control and manage credit through their experienced and skilled credit managers. In conclusion, credit collection practices positively and significantly affected the financial performance of the firms.

Mori and Charles (2019) analyzed the impact of customer appraisal employed by microfinance institutions in improving loan performance. The research secondary objectives included the credit appraisal techniques used by micro-finances, impact of the used techniques on reducing

portfolio at risk, effect of credit terms on loan performance and other components of credit risk management that microfinance institutions can employ to increase loan performance. Exploratory and descriptive research designs were used that enabled the researcher to organize the collection of data. In order to make the research effective in achieving its defined objectives, the researcher mainly targeted loans officers, credit risk analysts, recoveries officers and the managers. The research was based on a sample of 12 registered and operational Zimbabwean Micro finance institutions. Simple random sampling and judgmental sampling were used for the research. Primary data collection methods adopted in this research included questionnaires and personal interviews while secondary sources of data were also used to compliment primary data. The research findings revealed that although all microfinance institutions in Zimbabwe use credit appraisal techniques, one of the major causes of poor loan performance amongst the institutions is ineffective credit appraisal. Major causes for non-performing loans and defaulting borrowers which are directly linked to credit appraisal included high levels of non-performing loans, large exposures to a single borrower or group of related borrowers and high prevalence of connected loans. This study also found that, most microfinance institutions do not use loan performance ratios as a benchmark for loan quality. The study concluded that microfinance institutions in Zimbabwe are experiencing severe deteriorating loan performance thus most of them are continuously experiencing problems with non-performing loans and defaulting loans since 2009 due to weak credit appraisal techniques. It was also noted that, most micro-finances in Zimbabwe undermine the capabilities of credit appraisal techniques to significantly reduce loan performance problems. The study recommends micro-finances should adopt and develop effective and efficient credit risk management tools that are in line with international best practices to prevent exposure and in turn maximize shareholders wealth.

Osanebi and Irinyemi (2019) evaluated the impact of Debt Collection Procedure on the liquidity and profitability of quoted chemical & paints manufacturing companies in Nigeria. The descriptive survey research design was implemented. 500 staff representing 60% of the population were used as the sample population upon which copies of questionnaire were administered. 342 valid responses were returned by the participants and analyzed. One-way ANOVA was used for descriptive statistics, and a simple regression analysis method was used to test the formulated hypotheses. The result obtained indicated that the credit management strategies sub-variables-credit risk assessment, debt recovery strategy, receivable collection policy, have positive and statistically significant impact on the liquidity sub-variable-Ability to pay, level of bad debt, and cash inflow ($R=.654$ $R^2=.632$, $p=.0<.05$; $R=.692$, $R^2=.674$, $p=.0<.05$; $R=.621$, $R^2=.601$, $p=.0<.05$). The effect of liquidity on profitability was positive and statistically significant ($R=.723$, $R^2=.701$, $p=.0<.05$). The study recommended that organizations within the industry should improve liquidity to achieve the desired profit level by (i) having effective credit terms and proper risk assessment strategy, (ii) designed and implemented debt recovery plans to aid collection of the overdue debt, (iii) adopt a stringent credit collection method, and (iv) employ and retained qualified Accountants and Credit Administrators with excellent knowledge of credit control methodology.

Lasiende and olokoyo, (2018) investigated the influence of deposit money banks loan recovery strategies on customer relationship. The objectives of the study were to examine the effect of careful consideration of loan application, regular visits to the customer's shop and house, use of litigation, the use of collateral and the overall loan recovery strategies adopted by banks on customer relationship. The research work

employed the descriptive design and questionnaires were the research instrument. The target population were employees of six selected deposit money banks, out of which 394 respondents were chosen as the sample size using Yamane's formula. The data gathered were analysed using statistical method while the relationship between the variable were done using regression models. Based on the findings, the study showed that the loan recoveries strategies have an effect on customer relationship. The study suggested that banks carefully select the loan recoveries strategies depending on the situation or the type of customer and also for banks to develop closer relationships with their customers. Further studies should be carried on other banks not considered in the study to get a broader view.

Kagoyire and Shukla, (2018) sought to determine the effect of credit management on the financial performance of commercial banks in Rwanda. The study adopted a descriptive survey design. The target population of study consisted of 57 employees of Equity bank in credit department. Entire population was used as the sample giving a sample size of size of 57 employees. Purposive sampling technique was used in sampling where the entire population was included in the study. Primary data was collected using questionnaires which were administered to the respondents by the researcher. Descriptive and inferential statistics were used to analyze data. The study found that client appraisal, credit risk control and collection policy had effect on financial performance of Equity bank. The study established that there was strong relationship between financial performance of Equity bank and client appraisal, credit risk control and collection policy. The study established that client appraisal, credit risk control and collection policy significantly influence financial performance of Equity bank. Collection policy was found to have a higher effect on financial performance and that a stringent policy is more effective in debt recovery than a lenient policy. The study recommends that Equity bank should enhance their collection policy by adapting a more stringent policy to a lenient policy for effective debt recovery.

6. Methodology

6.1 Research design

This study adopted the descriptive research design.

6.2 Model specification

The multiple regression model was deemed appropriate for the study given the nature of the data and the research questions, hypotheses formulated, and the general aim of the study. The functional model was written in explicit form as follows;

ROA = F (DR, RS, AU) ………………… (1)

Where:
ROA= Return of Asset
DR = Debt Rescheduling
RS = Repossession of Security
AU = Auction
In a regression form, it will become:

$ROA = \beta_o + \beta_1 DR_{It} + \beta_2 RS_{It} + \beta_3 1AU_{It} + \mu$ ………………… (2)

βo = Constant Term
β1 = Coefficient of Debt Rescheduling
β2 = Coefficient of Repossession of Security
β2 = Coefficient of Auction
μ = Error Term

7. Data presentation

Data presentation involves the conversion of series of recorded information obtained through questionnaire administered.

Table 4.1 Questionnaire Response Rate

		Frequency	Percent
Valid	Zenith bank Plc	19	38.0
	Access bank Plc	13	26.0
	First bank Plc	18	36.0
	Total	50	100.0

Source: Researcher's Fieldwork, 2023

High survey response rates help to ensure that survey results are representative of the target sample and population. The researcher distributed 50 copies of questionnaires among the employees purposely selected for the study. It was discovered upon analysis that the 50 respondents adequately and satisfactorily filled the questionnaire, which was submitted and recorded successfully, with no missing values. In essence, 100 percent of copies of the questionnaire were validly filled. Thus, the study obtained a good response as recommended by Mugenda & Mugenda (2003) that a response rate of 50% is good as a representative of the sample and that above 70% is excellent. The study response rate is 100% which validates and authenticates the execution of the survey as well as the procedure and process involved.

Table 4.2 Demographic Characteristics of the Respondents

Socio-demographic	*Frequency (f)*	*Per cent (%)*
Gender		
Female	27	54.0
Male	23	46.0
Total	**50**	**100**
Age		
21 –30 years	6	12.0
31 – 40 years	15	30.0
41 – 50 years	24	48.0
51 years and above	5	10.0
Total	**50**	**100**
Marital Status		
Single	5	10.0
Married	36	72.0
Divorced/Separated	3	6.0
Widow/Widower	12	24.0
Total	**50**	**100**
Educational Qualification		
SSCE/GCE	3	6.0
OND/NCE	11	22.0
B.Sc/HND	21	42.0
M.Sc/MBA/Ph.D	15	30.0
Total	**50**	**100**

Employment Status		
Managerial Staff	35	70.0
Non-Managerial Staff	15	30.0
Total	**50**	**100**
Years of Experience in Service		
1 – 5 Years	35	70.0
6 years and above	15	30.0
Total	**50**	**100**

Source: Researcher's Fieldwork, 2023

8. Data analysis

Table 4.2 showed that out of the 50 respondents, 27 (54 percent) were males while 23 (46 percent) were females. The showed that more females participated in the study.The age distribution of the respondents revealed that 6 respondents (12 percent) were within 21 to 30 years of age, 15 respondents (30 percent) were within 31 to 40 years of age; 24 respondents (48 percent) were within 41 to 50 years, and 5 respondents (10 percent) were aged 51 years and above. This data showed that majority of the respondents were aged 41 to 50 years

Further, the table showed that the marital status of the respondents, the table showed that 5 respondents (10 percent) were single, 36 respondents (72 percent) were married, 3 respondents (6 percent) were divorced/separated and 12 respondents (24 percent) were widow/widowers. This revealed that married persons constituted majority of the respondents.

The table also captured the educational qualification of the respondents, the table showed that 3 (6 percent) were SSCE/GCE holders, 11 (22 percent) were OND/NCE holders, while 21 (42 percent) were B.Sc/HND holders and 15 (15 percent) were M.Sc/MBA/Ph.D holders. The data revealed that majority of the respondents were B.Sc/HND holders.

The table also showed that 35 (70 percent) were managerial staff while 15 (30 percent) were non-managerial staff. Lastly, the table showed that 35 (70 percent) had worked for 1 to 5 years while 15 (30 percent) had worked above 6 years. This data revealed that majority of the respondents had 1 to 5 years working experience in the organization.

TABLE 4.3: Responses from respondents from statement 8 to 10

S/N	Statements	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
1.	A change in existing terms of a loan influences loan recovery	15 (30.0%)	35 (70.0%)	0 (0%)	0 (0%)	0 (0%)	50 100
2.	Client reappraisal is conducted prior to debt rescheduling	13 (26.0%)	29 (58.0%)	4 (8.0%)	3 (6.0%)	1 (2.0%)	50 100

3.	The terms and condition of a loan are changed during loan rescheduling	10 (20.0%)	28 (56.0%)	6 (12.0%)	4 (8.0%)	2 (4.0%)	50 100

Source: Researcher's Fieldwork, 2023

From the table, it was revealed 15 respondents representing 30 percent strongly agreed, 35 respondents representing 70 percent agreed to the question "A change in existing terms of a loan influences loan recovery". From the data, it can be deduced that majority of the respondents were affirmative to the statement.

The table also showed that 13 (26 percent) respondents strongly agreed, 29 (58 percent) respondents agreed, 4 (8 percent) respondents were undecided, 3 (6 percent) respondents disagreed and 1 (2 percent) respondents strongly disagreed to the question "Client reappraisal is conducted prior to debt rescheduling". It can be revealed from the analysis that client reappraisal is conducted prior to debt rescheduling.

From the table, it was revealed that 10 (20 percent) respondents strongly agreed, 28 (56 percent) respondents agreed, 6 (12 percent) respondents were undecided, 4 (8 percent) respondents disagreed, 2 (4 percent) strongly disagreed to the statement "The terms and condition of a loan are changed during loan rescheduling". From the data, it can be deduced that majority of the respondents were affirmative to the statement.

TABLE 4.4: Responses from respondents from statement 11 to 13

S/N	Statements	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
1.	The value of the security greatly influences the performance of financial institutions	13 (26%)	29 (58%)	5 (10%)	2 (4%)	1 (2%)	50 100
2.	Repossession of security follows legal process	14 (28%)	26 (52%)	5 (10%)	3 (6%)	2 (4%)	50 100
3.	Repossessions are done only after issue of the notice	20 (40%)	17 (34%)	3 (6%)	6 (12%)	4 (8%)	50 100

Source: Researcher's Fieldwork, 2023

From the table, it was revealed that 13 (26 percent) respondents strongly agreed, 29 (58 percent) respondents agreed, 5 (10 percent) respondents were undecided, 2 (4 percent) respondents disagreed, 1 (2 percent) strongly disagreed to the question "The value of the security greatly influences the performance of financial institutions". From the data, it can be deduced that majority of the respondents were affirmative to the statement.

The table also showed that 14 (28 percent) respondents strongly agreed, 26 (52 percent) respondents agreed, 5 (10 percent) respondents were undecided, 3 (6 percent) respondents disagreed, and 2 (4 percent) respondents strongly disagreed to the statement "Repossession of

security follows legal process". It was revealed from the analysis that majority of the respondents were affirmative to the statement.

From the table, it was revealed that 20 (40 percent) respondents strongly agreed, 17 (34 percent) respondents agreed, 3 (6 percent) respondents were undecided, 6 (12 percent) respondents disagreed and 4 (8 percent) respondents strongly disagreed to the statement "Repossessions are done only after issue of the notice". From the data, it can be deduced that majority of the respondents were affirmative to the statement.

TABLE 4.5: Responses from respondents from statement 14 to 16

S/N	Statements	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	Total
1.	The value of the goods and services provided influences the profitability of the institution	22 (44%)	23 (46%)	2 (4%)	2 (4%)	1 (2%)	50 100
2.	The availability of goods from the borrower significantly influences the loan repayment	21 (42%)	19 (38%)	7 (14%)	1 (2%)	2 (4%)	50 100
3.	The type of goods offered by the borrower affects the performance of the institution	26 (52%)	20 (40%)	2 (4%)	2 (4%)	0 (0%)	50 100

Source: Researcher's Fieldwork, 2023

From the table, it was revealed that 22 (44 percent) respondents strongly agreed, 23(46 percent) respondents agreed, 2(4 percent) respondents were undecided, 2 (4 percent) respondents disagreed and 1 (2 percent) respondents strongly disagreed to the statement "The value of the goods and services provided influences the profitability of the institution". From the data, it can be deduced that majority of the respondents were affirmative to the statement.

The table also showed that 21 (42 percent) respondents strongly agreed, 19 (38 percent) respondents agreed, 7 (14 percent) respondents were undecided, 1 (2 percent) respondents disagreed and 2 (4 percent) strongly disagreed to the statement "The availability of goods from the borrower significantly influences the loan repayment". It was revealed from the analysis that majority of the respondents were affirmative to the statement.

From the table, it was revealed that 26 (52 percent) respondents strongly agreed, 20 (40 percent) respondents agreed, 2 (4 percent) were undecided, 2 (4 percent) respondents disagreed and 0 (0 percent) respondents strongly disagreed to the statement "The type of goods offered by the borrower affects the performance of the institution". From the data, it can be deduced that majority of the respondents were affirmative to the statement.

Table 4.6: Return on Asset for the selected deposit money banks

YEAR	ZENITH BANK	ACCESS BANK	FIRST BANK
2022	0.0255	0.0074	0.0451
2021	0.0277	0.0092	0.0401
2020	0.0249	0.0115	0.0367
2019	0.0263	0.0142	0.0289
2018	0.0291	0.0359	0.0326
2017	0.0177	0.0133	0.0276
2016	0.0273	0.0610	0.0170
2015	0.0263	0.0245	0.0213
2014	0.0385	0.0238	0.0300
2013	0.0326	0.0233	0.0236
2012	0.0355	0.0181	0.0197

Source: Researchers' computation, 2023

9. Test of hypotheses

Table 4.7 Multi Co-linearity Test

	Co-linearity statistics	
	Tolerance	**Variance inflation factor (VIF)**
(Constant)		
Debt Rescheduling	0.476	2.100
Repossession of security	0.476	2.100
Auction	0.476	2.100

Source: Researcher's Computation, 2023

Multi co-linearity is a state of very high inter-correlation or inter-association among the independent variables. It is therefore a type of disturbance in the data and if present in the data the statistical inference may not be reliable. It may be such that the individual outcome of the statistics is not significant while the overall outcome is significant. Cuthbert Daniel was the first to suggest the Multico-linearity test in 1963 (Ron, 20211). If the value of tolerance is less than 0.2 or 0.1 and at the same time the value of VIF is 10 and above, then one can conclude that there is Multi co-linearity. However, since tolerances were both greater than 0.2 and the VIFs both less than 10, we can conclude that the data had no issue of multi co-linearity. Consequently, we can continue with the analysis without any adjustments.

Model Summary	

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin Watson
1	.646[a]	.417	.400	.55628	1.436
a. Predictors: (Constant), Debt rescheduling, Repossession of security, Auction Dependent variable: ROA					

Table 4.8 Model Summary

Source: Researcher's Computation, 2023

The adjusted R^2 (coefficient of multiple determination) shows that 0.400 (40%) of variations in performance account for variations in debt rescheduling, repossession of security, and auction. The other 60% of the variations in performance is explained by other variables not mentioned in the study. The Durbin Watson Statistics is used to detect the autocorrelation in the residuals from a regression analysis. This is the degree of correlation between the values of the variables across different data sets. Since the Durbin Watson statistics of 1.436 was less than 2, we conclude that there was no autocorrelation.

Table 4.9 ANOVA

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	14.839	2	7.419	23.977	.000[b]
	Residual	20.733	67	.309		
	Total	35.572	69			
a. Dependent Variable: ROA						
b. Predictors: (Constant), Debt rescheduling, Repossession of security, Auction						

Source: Researcher's Computation, 2023

Given that P-value of 0.000 which is less than 0.05, we conclude that debt recovery techniques has a significant effect on the performance of the selected deposit money banks at 5% level of significance.

Table 4.10 Regression Coefficients

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.249	.0473		0.525	.005
	Debt rescheduling	.469	.142	.412	3.012	.001
	repossession of security	.450	.148	.411	3.040	.003
	Auction	.353	.169	.283	2.093	.004
a. Dependent Variable: ROA						

Source: Researcher's Computation, 2023

Based on the outcome of the regression analysis, the model formulated in the previous chapter is substituted to become:

$ROA = 0.249 + 0.469DR_{It} + 0.450RS_{It} + 0.3531AU_{It} + \mu$ ………………… (2)

From the result above, $\beta_0 = 0.249$ represented the constant which predicted value of ROA while debt rescheduling, repossession of security, and auction of the selected deposit money banks were held constant at zero (0).

9.1 Test of hypothesis one

Ho1: Debt rescheduling does not have significant effect on the performance of selected deposit money banks in Ogoja

H_1: Debt rescheduling has a significant effect on the performance of selected deposit money banks in Ogoja

The regression results revealed that debt rescheduling had a significant and positive effect on the ROA as indicated by $\beta_1=0.469$, $p=0.001$, $t=3.012$. Based on this result, we reject the null hypothesis and accept the alternative hypothesis which that debt rescheduling has a significant effect on the performance of selected deposit money banks in Ogoja.

9.2 Test of hypothesis two

H_0: Repossession of security does not have significant effect on the performance of selected deposit money banks in Ogoja

H_1: Repossession of security has a significant effect on the performance of selected deposit money banks in Ogoja

The regression results further revealed that repossession of security had a significant effect on the ROA as indicated by $\beta_1=0. 450$, $p=0.003$, $t=3.040$. Based on this result, we reject the null hypothesis and accept the alternative hypothesis which that repossession of security has a significant effect on the performance of selected deposit money banks in Ogoja.

9.3 Test of hypothesis three

H_0: Auction does not have significant effect on the performance of selected deposit money banks in Ogoja

H_1: Auction has a significant effect on the performance of selected deposit money banks in Ogoja

The regression results further revealed that auction had a significant effect on the ROA as indicated by $\beta_1=0. 353$, $p=0.004$, $t=2.093$. Based on this result, we reject the null hypothesis and accept the alternative hypothesis which that auction has a significant effect on the performance of selected deposit money banks in Ogoja.

Discussions of findings

The study revealed that debt rescheduling has a significant effect on the performance of selected deposit money banks in Ogoja. This finding affirms the findings of Sikira (2021), who examined the loan recovery procedures at NFBS, SMF and AML found in Dar-Es-Salaam, Tanzania. The researcher employed a mixed-case study design, which involved 50 credit officer respondents obtained under the purposive sampling. The study used semi-structured questionnaires to gather primary data and also secondary data from documents available at NFBS, SMF and AML. Data were analysed using simple descriptive statistics with percentages and frequencies for quantitative data, while thematic analysis was used for qualitative data. The study found that NFBS, SMF and AML used loan recovery procedures such as debt rescheduling friendly reminder, and issuance of final demand notice. Another procedure is to inform the local government on property selling and using a debt collection agency. The study recommends for MFIs to establish and prefer formal procedures that can be used for loan recovery because the use of informal procedures creates room for conflict and leads to ineffectiveness of recovering loans.

The study further revealed that repossession of security has a significant effect on the performance of selected deposit money banks in

Ogoja. This finding agrees with the findings of Cheptum (2019), who establish the effect of credit collection practices on the financial performance of manufacturing firms in Kenya. The study adopted two research designs; descriptive and causal. The accessible population for the study was 558 registered manufacturing firms. Stratified sampling technique was used to select the sample size and a sample of 233 manufacturing firms was arrived at using Yamane's formula. Questionnaires were the main instruments used to collect primary data. Both descriptive and inferential statistics were utilized in data analysis with the aid of SPSS. Data presentation methods used included frequency tables and percentages. Data collected were tested using, univariate test to provide an insight using both parametric (F-test) and non-parametric test (Pearson correlation coefficient). Multivariate analysis was also carried using the multiple regression analysis which indicated the level of the relationship that existed between the independent variables and the dependent variable. Findings indicate that the credit collection practices such as repossession of security have a significant positive effect on the financial performance of the manufacturing firms ($p<0.05$). This can be attributed to the fact that owners of manufacturing firms have the ability to control and manage credit through their experienced and skilled credit managers. In conclusion, credit collection practices positively and significantly affected the financial performance of the firms.

Also, the study found that auction has a significant effect on the performance of selected deposit money banks in Ogoja. This finding corroborates the findings of Kinyua, Kiiru, and Njoroge, (2022) who examined Effect of Loan Recovery Strategies, Loan Collection Strategies, and Borrower Characteristics on the Repayment of Revolving Funds in Kenya. The study focused on the government revolving funds in Kenya that were disbursed from 2010 to 2019, and it was carried out within 18 months from January 2020 to June 2022. The target population was 181 Youth officers in the constituencies and WEF Officers in the 47 counties. SPSS version 23 was used to analyse data. Purposive sampling was used to obtain the sample size and questionnaires were used to collect the data. The auction had a negative effect and not significant to the rate of repayment performance, (-1.953, P-0.094). It implies that an increase of auction by one shilling the rate of repayment performance decreases by 1.953, all other factors kept fixed Number of employees employed to collect arrears had a positive effect and not significant on the rate of repayment performance, (coefficient 1.28, P-0.350). It means that an increase in number of employees for collection with one, the rate of repayment performance increases 1.28 times. The results show that, the credit risk training had a negative effect and not significant on the repayment performance (coefficient -2.174, P-0.28). It means that if credit risk trainings are increased by one, the rate of repayment performance decreases 2.174 times when all other factors are kept fixed. The 3rd party services, had a positive effect and not significant on the repayment performance, (coefficient 2.587, P-0.389). It means that, an increase in 3rd party service providers by one, increases repayment performance 2,174 times, all other factors held constant. Number of external debt collectors involved had a negative effect and not significant on rate of repayment performance (coefficient -3.889, P-0.133) meaning, increase in number of external debt collectors by one, decreases the rate of repayment performance by 3.889 times. All individual characteristics have positive effect and not significant to the repayment performance. It was concluded loan recovery implementation strategies and collection strategies have no significant effect on repayment performance. However, borrower characteristics have positive effect, but were not significant to the repayment performance.

10. Summary of findings

The major findings of this study were;

1. The study revealed that debt rescheduling has a significant effect on the performance of selected deposit money banks in Ogoja.
2. The study further revealed that repossession of security has a significant effect on the performance of selected deposit money banks in Ogoja.
3. Also, the study found that auction has a significant effect on the performance of selected deposit money banks in Ogoja.

11. Conclusion

The main objective of this study was to examine the effect of debt recovery techniques on the performance of the banking sector: a study of selected deposit money banks in Ogoja. The study concludes that debt rescheduling has a significant effect on the performance of the selected deposit money banks. The study also concludes that repossession of security has a significant effect on the performance of the selected deposit money banks. The study further concludes that debt auction has a significant effect on the performance of the selected deposit money banks.

12. Recommendations

Based on the findings of the study, the researcher recommended that;

1. Banks should select borrowers carefully and making sure the information, they provide is also carefully looked at to avoid borrowers misleading loan officers on their loan applications.
2. Managers should further make sure that once a loan or loans are given out, they are monitored from the beginning. This will help the bank to keep an eye on all the existing loans as well as give them a better picture of the debtors that are likely to default and those that are not.
3. Managers should give timely reminders to all debtors. It can greatly improve the debt recovery process as it allows the debtor or borrower to stay committed to repaying the loan
4. A reappraisal of the loan defaulter should be conducted before debt rescheduling.

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