International Journal of Management and Commerce Innovations ISSN 2348-7585 (Online)
Vol. 11, Issue 2, pp: (285-295), Month: October 2023 - March 2024, Available at: www.researchpublish.com

EFFECT OF CREDIT CREATION IN COMMERCIAL BANKS ON SOCIAL ECONOMIC WELFARE OF THE CUSTOMERS IN RWANDA: CASE STUDY OF ACCESS BANK RWANDA PLC

NIZEYIMANA JEAN LUC

SCHOOL OF GRADUATE STUDIES/FACULTY OF MANAGEMENT

UNIVERSITY OF KIGALI, RWANDA

DOI: https://doi.org/10.5281/zenodo.10570787

Published Date: 26-January-2024

Abstract: **Globally, creation of credit by banks has had different influences on financial development and overall economic growth. People used to save their money to buy particular goods and services, but today they may get loans from commercial banks and receive the future cash flow right away. In this study, the researcher established the effect of credit creation in commercial banks on social economic welfare of the customers. Under this exploration the study focused on Credit Creation as an independent variable and Social Economic Welfare as a dependent variable. Credit Creation was measured in three dimensions which were Credit accessibility, Macro-Economic Conditions and Bank's Credit Policies. While Social Economic Welfare was measured through Social economic class (Ubudehe), Ability to meet basic needs and Financial Savings. The study used descriptive research design and Correlation research design. The study population was 1916 while a sample size was 331. The researcher collected primary data which were collected using questionnaires.**

On the first objective, coefficient on Credit accessibility was assessed to find out its effect on the social economic welfare and test the null hypothesis. The results revealed that Credit accessibility has significant effect on social economic welfare (β=0.282 t-statics= 11.791 P- value=0.000), the null hypothesis was rejected, and the researcher accepted the alternative hypothesis of the study basing on the fact that obtained P-value of 0.000 was less than the significance level of 0.05. Therefore, Credit accessibility has a significant effect on Social Economic welfare of commercial bank's customer in Rwanda.

On the second objective, the Coefficient on Macro-Economic conditions was assessed to find out its effect on the social economic welfare and test the null hypothesis. The results revealed that (β=0.125 t-statics =5.212 P-value=0.001), hence the null hypothesis was rejected, and the researcher accepted the alternative hypothesis of the study basing on the fact that obtained P-value of 0.001 was less than the significance level of 0.05. On the Third objective, coefficient on Bank Credit Policies was assessed to find out its effect on the social economic welfare and test the null hypothesis. The findings revealed that (β=-0.253 t-statics =-3.492 P- value=0.001), hence the null hypothesis was rejected, and the researcher accepted the alternative hypothesis of the study basing on the fact that obtained P-value of 0.001 was less than the significance level of 0.05. Therefore, the study concludes Bank's credit Policies has no significant effect on the social economic welfare of customers in Rwanda.

In conclusion, the findings from this study shed light on the significant role of credit creation on social economic welfare of the customers in commercial banks in Rwanda, case study Access bank Rwanda PLC. The research was conducted with a focus on three key aspects of credit creation: Credit accessibility, Macro-economic conditions, and Bank Credit policies. It is perceived that credit creation has played a vital role in promoting the social economic welfare of the customers as it enhances access to liquidity that is used in investments, acquiring personal needs.

Keywords: **Credit Creation, commercial banks, social economic welfare, Bank Credit policies.**

1. GENERAL INTRODUCTION

1.1 Background to the Study

The bank's credit creation process is based on the assumption that during any time interval, only a fraction of its customers genuinely need cash. Also, the bank assumes that all its customers would not turn up demanding cash against their deposits at one point in time. The act of bank lending creates new purchasing power that did not previously exist. Creation of credit by banks drives financial development and overall economic growth of the nation (Werner, 2014).

Globally, credit began before the 1900s. The earliest and most common form of credit were loans from local shopkeepers. That's right, hardworking people ran tabs to buy groceries, furniture, farm equipment and the like when times were tight. It's also a common myth that borrowing was unheard of during those days. While it's true that many disliked the idea of debt, it became a way of life as people found it necessary to purchase necessities. Unlike today, it was thought to be shameful to borrow money for pleasure. Today the people in society highly depend on the loans a way to get their needs today and pay in future. (Kielar, 2015).

In Africa, The most crucial purpose of a commercial banks is the creation of credit. This is the reason why the money supplied by commercial banks is called credit money. All commercial banks create credit by advancing loans and purchasing securities. They lend money to the individuals as well as to the businesses out of deposits accepted from the public. Several studies have found out that credit creation leads to improvement in the standards of living for individuals and boost the performance of small-scale businesses, (Christen, 2017).

In East Africa, a bank's ability to create new money, which is referred to as 'credit money', is a consequence of a range of factors. First of all, more than 95% of all economic transactions are non-cash, and non-cash transactions are completed through non-cash transfers inside the banking system. Combining lending and deposit taking operations gives banks the power to generate credit money. Banks act as the 'accountant of record' within the financial system, which enables banks to create the fiction that the borrower deposited money at the bank. (Klapper, 2013).

National Bank of Rwanda has emphasized on making sure that banks have enough provisions and capital to absorb unforeseen losses resulting from bad and doubtful loans while still complying with the reserve requirement set by the Central Bank. There are several factors that affect credit creation in Rwanda and include the capacity of the bank banks to create credits which are a matter of the availability of cash deposits with banks. Additionally, the ability to produce credit is influenced by the variables that affect their cash deposit ratio, the banks' willingness to issue credits, and the market's demand for credit, (Etienne 2006).

1.2 Statement of the Problem

Globally, creation of credit by banks drives financial development and overall economic growth (Werner, 2014). Improved access to credit helps businesses to grow and advance their financial performance and also improves the purchasing power of the citizens, hence impacting their welfare.

In Rwanda, the banking sector has witnessed enormous growth with credit market demand, the loan portfolios multiplying. The banking sector has also embraced innovation and enhanced the accessibility and flexibility in credit creation. Banks have developed variety of credit products to the clients and among these include quick mobile loans, salary advances, credit cards, mortgage loans and auto loans. According to reporting, it has been witnessed that there was an increased uptake of commercial bank products as the credit created by commercial banks increases. Nevertheless, some economic barriers like inflation and unemployment still stand in the way and the economic welfare of the borrowers decreases significantly. A large number of Rwandans have continually acquired loans from banks and 32% of the borrowers; their social economic welfare deteriorates; characterized by financial inabilities. there have been cases of borrowers in 2021-2023 whose financial capacity and welfare status significantly diminished after taking the loans, struggled to meet their other financial needs and full filling the loan obligations up to a point of the banks setting off their pledged collaterals leaving them worse off prior taking loans. In this a researcher is perplexed whether credit creation does improve the social economic welfare of the customer or not, there is a lack of comprehensive research and analysis on its actual influence and effectiveness.

1.3 Specific Objectives of the study

i. To establish the effect of Credit accessibility on the social Economic welfare of commercial bank's customer in Rwanda.

ii. To assess the effect of Macro-Economic conditions on the social Economic welfare of commercial bank's customer in Rwanda.

iii. To determine out the effect of Bank's Credit Policies on the social economic welfare of commercial bank's customer in Rwanda.

2. LITERATURE REVIEW

2.0 Introduction

This chapter summarizes the information from other researchers who have carried out research in the same field of study. In this review, the weaknesses, gaps, immediate relevance and contributions are pointed out. Theories related to the topic are discussed and a conceptual framework is presented showing the relationship between the variables under investigation.

2.1 Conceptual Review

2.1.1 Social Economic welfare

The term "social welfare" refers to the social security system in which the government, in line with the law, gives cash and services to all people in order to ensure that they have a set level of living and to enhance their quality of life as much as possible. Due to that the social welfare is the regulator of social contradictions, a lot of scholars have tried to study this proposition in different aspects, (Jung and Kim (2014).

Latygovskaya (2015) Study on the relationship between social welfare and sustainable development in the context of the sustainability model, the findings demonstrate that welfare regulation is an ontological term that gauges how social reality changes as a person's life progresses. Under the condition of uncertainty, it uses the ability of universal resources to carry out activities to improve the stability of social objects. The social welfare is a major factor in the stability of social relations. Sustainability and wellbeing are interconnected phenomena that follow the complementarity principle.

2.1.2 Credit Creation

Globally, credit began before the 1900s. The earliest and most common form of credit were loans from local shopkeepers. That's right, when money was short, diligent individuals ran tabs to buy food, furniture, agricultural equipment, and other necessities. Another widespread misconception is that borrowing wasn't frequent back then. Although many people detested the notion of debt, it became a way of life as individuals realized they had to buy basics. Unlike today, it was thought to be shameful to borrow money for pleasure. Today the people in society highly depend on the loans a way to get their needs today and pay in future. (Kielar, 2015).

Stanghellini (2013) observed that a person may purchase things or services through one of the numerous forms of trade with the understanding that they will pay for the full cost of those items or services, plus a charge (interest), at a particular future date. He also recognizes that in order to meet the high demand for credit, lenders had to adopt automatic methods for determining whether to give money or not. Risk is being exposed to a claim about which one is unsure (Holton, 2014). According to the Basel Committee (2019), a few of the largest commercial banks in the world have created sophisticated systems to quantify and aggregate the credit risk that underpins their decision-making on lending.

2.1.3 Credit Accessibility

Study conducted in Ghana showed that in recent times, Loans, which are a common home development instrument, have grown in relevance, particularly in emerging nations. This is understandable given that they stand to significantly affect the wellbeing of the households. This investigation supported the claim that 90.6% of those who asked for loans really received them. The analysis showed that loans have a positive and significant impact on household welfare, Aburime, (2008).

Gibbons & Gradiner, (2011), the role credit creation is particularly important in improving the well-being of the individuals. Some households, especially those in rural regions, are financially strapped, and their inability to obtain financing significantly limits their ability to raise their standard of living or improve their welfare. Regardless of their present income, people may allocate their spending in a sensible way regardless of their income, and this is made possible by obtaining credit. Additionally, those whose salaries are stagnant must borrow money in order to keep up their quality of life. Greater credit availability boosts the purchasing power of people in the middle- and low-income groups by removing the restriction associated with income. Even when their salaries change, having access to credit enables a person or household to level out expenditure. Additionally, it aids them in taking part in activities that will raise their status and help them escape poverty.

2.1.4 Macro-economic Conditions

Macro-economic conditions refer to the present state of the economy in a country or region. These conditions change over time along with the economic and business cycles, as an economy goes through periods of expansion and contraction. Economic conditions are considered to be sound or positive. A country's economic conditions are influenced by numerous macroeconomic and microeconomic factors, including monetary and fiscal policy, the state of the global economy, unemployment levels, productivity, exchange rates, inflation and many others. (Machek & Hnilica, 2013).

Economy related statistics are published regularly, be it on weekly, monthly, or quarterly basis. Unemployment rate and growth of GDP are some of the economic factors that economists consider very minutely for knowing the country's economic conditions and bringing any prospective changes for improvement. One can elaborate the economic conditions based on the unemployment rate, growth rate of GDP, extent of current account, surplus or deficit in budget, rate of inflation, etc.

2.1.5 Bank's Credit Polices

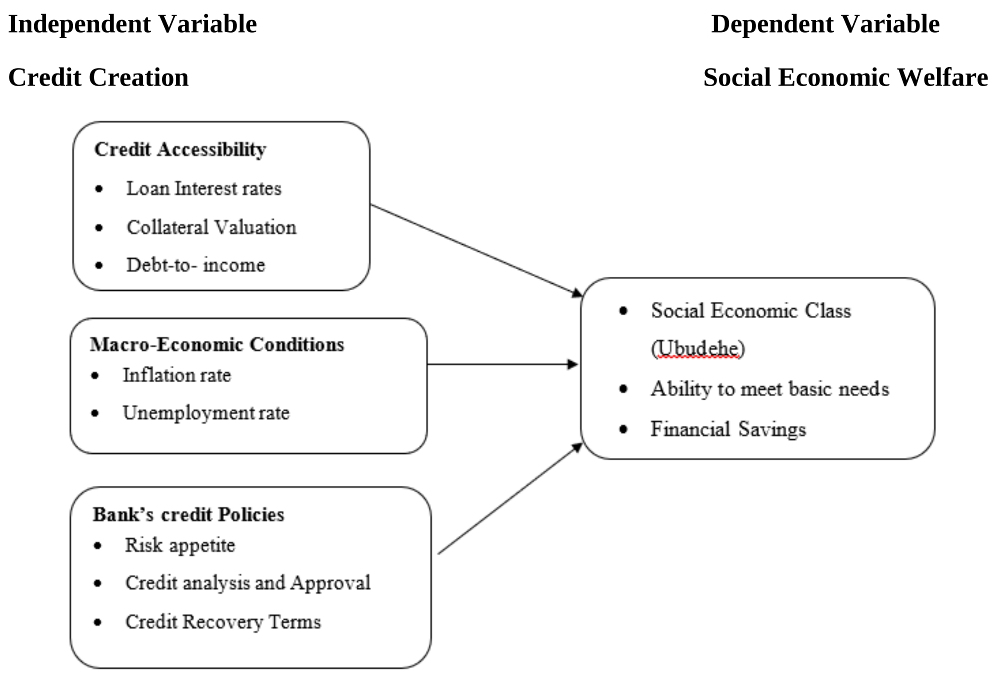
Credit policies in the banking sector are an important aspect of risk management and lending practices. Development credit policy is based on balanced assessment of credit risks and close cooperation with the client, the borrower. When determining priorities in lending, the bank assesses the ability of the borrower to develop and compete in its market. The Credit Committee plays a key role in implementing the bank's credit policy, It is authorized to make decisions regarding the risk appetite for the borrower and the project on behalf of the bank, and to ensure subsequent supervision. Within the scope of its credit policy, the bank seeks to generate profit with minimum risk and maximum protection for its clients and their funds, Martinez-Miera and Repullo (2017).

Nielsen & Cann (2017) Conducted study about credit policies in commercial banks and concluded that Bank credit policies involves a Credit Underwriting Standards and analysis which is an important component that sets out the criteria and guidelines for evaluating loan applications. It covers aspects such as collateral requirements, loan-to-value ratios, debt-service coverage ratios, industry-specific risk factors, and other factors considered during the underwriting process. The process goes hand in hand with loan Approval Process which is a component that defines the procedures and criteria for approving credit applications.

2.2 Conceptual Framework

The conceptual framework of the study showing the relationship between the variables under investigation. The independent variable has Credit Creation that was measured in terms of; Credit accessibility which focused on in terms of Loan Interest rates, collateral valuation, Debt-to income and the Credit rating and scoring. Credit creation was also measured in terms of Economic conditions which focused on Inflation rate, Unemployment rate and Fiscal and Monetary policies. Credit creation was lastly measured in terms of Bank's credit policies. And this focused on Risk appetite, Credit analysis and Approval process, Credit Recovery terms and Credit Management cost and terms.

Dependent variable has Social Economic that was measured in terms of social economic class, Ability to meet basic needs and financial savings. The conceptual framework shows the relationship between the two variables by the use of arrows.



Source (Researcher Conceptualization 2023)

Figure 1: Conceptual Framework

2.3 Research Gap

Upon the literature several studies have been carried out regarding the effect of credit creation on the living standards, the studies had different findings regarding the variables that were investigated on and the location in which studies were carried.

Amendola E. (2016) study found out that access to credit has a positive relationship with spending on education and on non-durable goods and services but has a negative relationship with consumption of household production and poverty incidence, contrary to the finding by Quach (2016). Ibrahim and Aliero (2020) conducted a similar analysis for Nigeria, using income convergence rather than consumption as the dependent variable and found a positive coefficient.

The carried-out studies investigated credit creation only focusing on credit accessibility and looked at social economic welfare in terms of consumption. The researcher has identified the gaps on the measurement of independent variable and this study tends to explore deep on credit creation by focusing on different variables that were not considered by prior researchers. These variables include Macro-Economic Conditions and Bank's credit policies. Therefore, the study covered the gaps on variables under investigation and on the location.

3. RESEARCH METHODOLOGY

3.0 Introduction

This part indicates various methods, techniques and tools the researcher used to collect data. The researcher used these methods so as to get information's useful for the study, that is, research design, study population, sampling technique, Data Collection Methods and Instruments/ Tools, Data processing, Data analysis, Limitations and Ethical considerations.

3.1 Research Design

The study used descriptive research design and Correlation research design. Where descriptive research design was used to explain the specific objectives of the study. The correlation design was used in establishing the effect of credit creation in commercial banks on the social economic welfare of the customers.

3.2 Study Population

The study focused on the customers who have acquired different loans (Personal loans, Mortgage loans, Auto loans and salary advances) from Access bank Rwanda PLC. The total figure of customers in the loan book of Access bank are 1916. Therefore, the study population of this study was 1916 customers with loans in Access bank.

Sampling Size

The study used a sample size of 331 to represent the study total population of 1916 (customers with loans in Access Bank Rwanda). The sample size was arrived by using a statistical formula as suggested by Taro Yamane (1970)

$$n = \frac{N}{1 + N(\mathrm{e})^2}$$

Whereby,

n= sample size

N= Total Population

e= Error term (5%)

$$n = \frac{1916}{1 + 1916(0.05)^2} = 331$$

Sample size (n)= 330.9≈ 331

3.3 Data Collection Instruments

The researcher collected data that are primary data since it enabled him to meet the specific objectives of the study. Primary data, these are data which were collected for the first time by the researcher himself. The technique that was used from the primary data was questionnaires. The researcher used questionnaire in collection of data, with closed ended questions. The closed ended questions were guided by a five-point Likert scale as illustrated in table 1 below:

Table 1: Operationalized Likert Scale

Scale	Mean Range	Response Mode	Interpretation
SA	4.20-5.00	Strongly Agree	Very High
A	3.40-4.19	Agree	High
N	2.60-3.39	Not sure	Moderate
D	1.80-2.59	Disagree	Low
SD	1.00-1.79	Strongly disagree	Very Low

3.4 Ethical Consideration

During this study the researcher adhered to the following ethical values;

Voluntary participation: The participants were free to opt in or out of the study at any point in time without any pressure or coercion.

Informed consent: the Participants were informed and know the purpose, benefits, risks, and funding behind the study before they agreed or declined to join. To avoid suspicion of any kind, the researcher obtained an introductory letter from the Dean of School at University of Kigali that served to introduce the researcher to the research participants.

Confidentiality: All participants had a right to privacy, so the researcher protected their personal data. All the data collected were kept confidential and hidden from everyone else.

Potential for harm: This research was only for academic purposes and for that matter, no Physical, social, psychological and all other types of harm were inflicted to the respondents or any other participants within research process.

4. DATA ANALYSIS, INTERPRETATION AND DISCUSSION

4.1 Systematic presentation of the data

The analysis of data on the assessing the effect of credit creation in commercial banks on the social economic welfare of the customers in Rwanda, case study Access Bank Rwanda PLC data was analyzed by a means of SPSS. Data are presented in tables followed by their interpretations.

This part attempt to analyze the data, interprets findings from the research fulfilled in order to relate it with the study objectives.

4.2 Analysis and interpretation

4.2.1 Respondents profile

The Section comprises the profile of respondents; the later have been identified by their gender, age group, marital status, level of education level and the type of loan acquired. The results indicates that 176 respondents corresponding to 53.2% were males and 155 respondents corresponding to 46.8% were females.

4.2.2 Age of respondents

The researcher needed to know the distribution of respondents according to their age in order to understand the maturity level of individuals who are able to be granted loan and their utilization in relation to age. Regarding age of respondents in this study, this table indicates that age group 31-40 dominated the study by a 32.3%, followed by age group 41-50 with 25.7%, followed by age group of below 30 years with 19%, age group 51-60 with 14.8% and lastly age group 60 and above with a percentage of 8.2%.

4.2.3 Marital status of respondents

The findings Shows the information of marital status, it is seen that the individuals who answered the questions, 64.4% were married and 35.6% were single. These results indicate that both married and single are eligible to acquire loans. However, the married ones tend to acquire loans at a higher rate compared to single individuals and this is based on assumption that marriage comes with extra responsibilities and needs to fulfill.

4.2.4 Education level of respondents

Education is one of the most important characteristics that might affect the person's attitudes and the way of looking and understanding any particular subject. In a way, the response of an individual is likely to be determined by his educational status and therefore it becomes imperative to know the educational background of the respondents under this study. It shows the level of education of respondents, 203 of respondents corresponding to 61.3% hold bachelor's degree, 102 respondents corresponding to 30.8% hold Masters degree and lastly 26 respondents varying with 7.9% hold a PhD.

4.3 Inferential Statistics Analysis

The study conducted inferential analysis, the study used Pearson correlation to establish the relationship between credit creation and social economic welfare of the customers, and this was also used in testing the hypothesis of the study. The study also conducted multiple linear regression analysis. This helped to determine the relationship between the dependent and independent variables.

4.3.1 Correlation Analysis Among Variables

Table 2

		Credit Accessibility	Macro-economic conditions	Bank Credit Policies	Social Economic Welfare
Credit Accessibility	Pearson Correlation	1	.165**	.611**	.573**
	Sig. (2-tailed)		.003	.002	.002
	N	331	331	331	331
Macro-Economic Conditions	Pearson Correlation	.165**	1	-.062	.348**
	Sig. (2-tailed)	.003		.025	.000
	N	331	331	331	331
Bank Credit Policy	Pearson Correlation	.611**	-.062	1	.193**
	Sig. (2-tailed)	.002	.025		.001
	N	331	331	331	331
Social Economic Welfare	Pearson Correlation	.573**	.348**	.193**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	331	331	331	331

**. Correlation is significant at the 0.05 level (2-tailed).

On the first variable (Credit Accessibility), the findings show that there is there is a moderate positive correlation between Credit Accessibility and social economic welfare as indicated by the Pearson correlation coefficient(r) of 0.573 with a P-value of 0.002 which is statistically significant as the Sig (2-tailed) or P. value of 0.002is less than 0.05 of the significant level. Hence the researcher rejects the null hypothesis and accepts the alternative hypothesis which states that credit accessibility has a significant effect on social economic welfare of customers in commercial banks in Rwanda.

On the second variable (Macro-Economic Conditions), the findings show that there is there is a weak positive correlation between Macro-Economic Conditions and social economic welfare as indicated by the Pearson correlation coefficient(r) of 0.348 with a P-value of 0.000 which is statistically significant as the Sig (2-tailed) or P. value of 0.002 is less than 0.05 of the significant level. Hence the researcher rejects the null hypothesis and accepts the alternative hypothesis states that Macro-Economic Conditions have a significant effect on social economic welfare of customers in commercial banks in Rwanda.

On the Third variable (Bank Credit Policies), the findings show that there is there is a weak positive correlation between Bank Credit Policies and social economic welfare as indicated by the Pearson correlation coefficient(r) of 0.193 with a P-value of 0.001 which is statistically significant as the Sig (2-tailed) or P. value of 0.002 is less than 0.05 of the significant level. Hence the researcher rejects the null hypothesis and accepts the alternative hypothesis that Bank Credit Policies have a significant effect on social economic welfare of customers in commercial banks in Rwanda

The findings finally show that the independent variables have a weak positive relationship between the independent variable, this implies that there is a significant effect of credit creation on social economic welfare of the customers in commercial banks in Rwanda, case study Access bank Rwanda PLC.

4.3.1.2 Model Summary

Table 3

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.645[a]	.641	.410	.30148

a. Predictors: (Constant), Bank credit Policies, Macro Economic Conditions, credit accessibility

Model summary describes how far the independent variables explain the dependent variable that mean the greater R-value has the great number of the independent variables explain with dependent variable. In order to test the research, a standard multiple regression analysis was conducted using inclusive social economic welfare as the dependent variable, Bank credit policies, Macro-economic conditions and Credit accessibility as the predicting variables.

The model summary in table clearly shows that the R was (.645) indicating that a combination of Bank credit policies, Macro-economic conditions and Credit accessibility explained (64.1%) of the variation in social economic welfare. This R-square implies that 64.1% of variability observed in the social economic welfare of customers at Access Bank Rwanda Plc is explained by the regression model in the research study conducted at Access bank Rwanda PLC.

4.3.1.3 Analysis of Variance (ANOVA)

Table 4: Analysis of variance ANOVAb

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.142	3	7.047	77.538	.001[a]
	Residual	29.720	327	.091		
	Total	50.862	330			

a. Predictors: (Constant), Bank Credit Policies, Macro, Economic conditions, Credit Accessibility

b. Dependent Variable: Social Economic welfare

The ANOVA under this study was calculated in order to compare the group means of Macro-economic conditions, Credit accessibility and Bank credit policies to find out if they have a different or similar statistical effect. From the ANOVA table 2 it is clear that the overall standard multiple regression model, the model Predictors: (Macro-economic conditions, Credit accessibility and Bank credit policies) are significant in predicting the independent variables affect the social economic welfare of customers at Access Bank Rwanda Plc. The regression model achieves a ($F = 77.5$; $P = .001 < 0.05$). And this implies that the overall model is fit to predict the study variables.

5. CONCLUSION AND SUGGESTIONS

5.1 Summary of major findings

The study was carried out in Access bank Rwanda PLC (Headquarter) in order to understand the effect of credit creation on social economic welfare of the customers in commercial banks. The targeted part of population under the study was all the customers in the loan book of Access bank which is 1916 as of when the data was collected.

5.1.1 Findings on objective one

Table showed Perception of respondents on the effect of credit accessibility on the Economic welfare. The mean of 3.5 of the respondents agreed that they can easily negotiate the loan interest rate with the bank, and the granted loan pricing does not affect their financial planning., this mean implies that customers have high capacity to negotiate for the interest rates on the loans and have power to determine the pricing. The mean of 2.67 of the respondents agreed that the banks require favorable collateral coverage in any geographic location and in case they are not able to provide the requested collateral, they can borrow from a colleague and the banks accepts it. The mean implies that there is a moderate level of flexibility of the banks on the collateral valuation and requirements and this has eased the credit creation process, eligibility, and accessibility. The mean of 3.25of the respondents agreed that they are always asked to provide justification to their source of income and Bank gives them opportunity to commit all incomes towards the requested loan, this implies that there is moderate flexibility on banks on the loan repayment sources as long is portrays the borrower's ability to repay on a sustainable terms and customer is committed. The mean of 3.51 agreed that their bank loan officer processes and provides the loan in the agreed time (No of days) hence not affecting their financial planning, this mean implies that the bank has highly enhanced the turn-around time of the loans. The mean of 2.82 agreed that they are eligible to all loan facilities in the bank and can easily get all the loan requirements at relatively low price and within the short period of time hence not affecting my financial planning and economic welfare, this mean implies that there is a moderate level of loan appraising in terms of qualifying customers. The mean of 3.69 agreed that they always seek financial advice from their loan officer prior applying for a loan and are always provided with timely feedback and assistance, this implies that there is highly level of responsiveness to the loan officers within the bank and customers are shared all information regarding credit accessibility.

Finding on objective two

Table showed Perception of respondents on the effect of Macro-Economic conditions on the social Economic welfare. The mean of 3.90 of the respondents agreed that the increase in general prices at market does significantly hinder them from meeting their daily basic needs. This implies that price fluctuation highly impacts the capacity of the borrowers and their capacity to meet other basic needs. The mean of 2.70 of the respondents agreed that they are employed under indefinite term contract and incase their current jobs are terminated they are able to secure another other without complications and still be able to meet financial demands. This mean implies that the unemployment level moderately affects the welfare of the loan borrowers in commercial banks and is one of the factors that may lead to poor loan performance as the source of income may be terminated. The mean of 4.05 of the respondents agreed that they are not able to mobilize savings during both inflationary and deflationary period and this has impacted their welfare negatively, this mean implies that inflationary conditions highly affect the welfare of the customers in repaying the loans due to the rise in interest rates at market as result of inflation. The mean of 3.3 agreed that Changes in the Fiscal and monetary policies do significant hinder them from meeting their loan obligations when fall due and this has kept them into arrears, this implies that fiscal policies (Expansionary) and contractional monetary policies are related with different conditions that moderately impacts the social economic welfare of customers, during these situations the economic cycle is affected hence impacting the borrowers' capacity and abilities.

The overall mean under this objective was 3.495 which implies that Macro-Economic conditions highly affect the social the social Economic welfare and this is as result that any positive changes in macro-economic conditions such as changes in inflation rates, unemployment rate, growing GDP and changes in both fiscal and monetary policies affect the welfare positively and vice versa.

5.1.2 Findings on objectives three

Table showed Perception of respondents on the on effect of Bank's Credit Policies on the social economic welfare. The mean of 2.30 of the respondents agreed that their personal business, current employers are within the sectors that are under the risk appetite of the bank. This implies that banks have moderate risk appetite hence sector diversification. The mean of 2.31 of the respondents agreed that they can easily negotiate the interest rate pricing. And that the bank has a Memorandum of understanding with their particular institutions, this mean implies that customers have moderate power to negotiate and influence the pricing of their loans. The mean of 3.5 of the respondents disagreed that Credit analysis and approval process of the bank have increased the agreed time of loan processing and it affected their financial planning and economic welfare negatively, this mean implies that banks have highly enhanced the turn-around time for loans to ensure customer satisfaction. The mean of 2.3 of the respondents agreed that their loan officer keep on asking for irrelevant additional documents during loan process which elongates the maturity of loan request, this mean implies that there is low rate of loan delaying by the officers hence delivering the funds in adequate time as agreed with the customers. The mean of 2.83 of the respondents agreed that the bank provides them with full information towards their loan and the loan contracts are easily understandable and easy to adhere to all the loan covenants which makes them guided decision towards my financial planning, this mean implies that there is moderate level of information sharing by the contracts. Banks do not reveal all information customers which affects their welfare in terms of financial planning.

The mean of 4.07 of the respondents agreed that once a credit is approved, they are advised of the terms and conditions of the credit by way of a letter of offer and the loan is disbursed upon their acceptance of the offer letter, this implies that there is highly level of mutual understanding between the bank and the customers. The overall mean of this objective was 2.910 which implies that there is a moderate effect of Bank's Credit Policies on the social economic welfare, and this is as result of the bank putting in place strict and prudential measure in analyzing and granting the loans.

5.2 Conclusion

In conclusion, the findings from this study shed light on the significant role of credit creation on social economic welfare of the customers in commercial banks in Rwanda, case study Access bank Rwanda PLC. The research was conducted with a focus on three key aspects of credit creation: Credit accessibility, Macro-economic conditions, and Bank Credit policies. The findings finally show that the independent variables have a weak positive relationship between the independent variable, this implies that there is effect of credit creation on social economic welfare of the customers in commercial banks in Rwanda, case study Access bank Rwanda PLC. It is perceived that credit creation has played a vital role in promoting the social economic welfare of the customers as it enhances access to liquidity that is used in investments, acquiring personal needs. Credit creation has also impacted financial literacy as people get to plan and seek financial advice prior acquiring loans in commercial banks. Proper planning leads to proper loan utilization, hence impacting the general economy. Credit creation impacts social economic welfare positively and this has also been one of the goals of financial inclusion in Rwanda, to ensure that all citizens have access to finance and credit, however people need guidance and literacy to be able to exploit the loans granted in a most effective and efficient means. Credit accessibility is one of the key drivers toward having a financially inclusive economy, credit accessibility enhances the literacy and eligibility of the customers towards financial lending.

5.3 Recommendations

Recommendations from researcher are addressed referred to the findings of the study conducted effect of credit creation on social economic welfare of the customers in commercial banks in Rwanda, case study Access bank Rwanda PLC.

The researcher recommends the following:

Promote Financial inclusion: Encourage the widespread adoption of financial institution services, such as mobile money and mobile banking, among the population. Provide financial services to all households at a reasonable cost, including savings or deposit services, payment, and transfer services, with more emphasis on credit.

Favorable Bank credit policies: commercial banks should adopt favorable credit policies that consider all class of the citizens and should also consider serving some underserved sectors like agriculture, tourism, and mining.

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