



International Journal of Research Publication and Reviews

Journal Homepage: www.ijrpr.com ISSN 2582-7421

The Influence of Credit Monitoring on the Operational Performance of Branches of Commercial Banks in Cameroon

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ABSTRACT

Purpose: This study was carried out to investigate the influence of credit monitoring on the operational performance of branches of commercial banks in Cameroon. Four credit monitoring of the measurement criteria for branches of commercial banks were involved in the analysis. These are review of the borrower's financial statements, monitoring of borrower's cashflow, credit monitoring committee and monitoring environment. The operational performance of the branches of commercial banks included the financial operational performance and the non-financial operational performance of the branches. Specifically, the study investigated how the borrower's financial statements, monitoring of borrower's cashflow, credit monitoring committee and monitoring environment influence the operational performance of branches of commercial banks in Cameroon.

Materials and Methods: The study adopted the survey research design and used primary data collected from 216 branches of commercial banks operating in Cameroon through the administration of questionnaires. Data was analysed using both descriptive and inferential statistics with the help of SPSS and STATA.

Findings: The results of the study reveals that borrower's cashflow has the strongest and most significant positive influence on operational performance of branches of commercial banks in Cameroon, with a coefficient of 0.0790 for overall operational performance. This implies that branches that effectively monitor borrower's income, expenditure, operating cashflow, and other cashflow sources are more likely to experience improved operational financial performance, operational non-financial performance and overall operational performance.

Conclusion and Recommendations: The study concludes that the regression results indicate credit monitoring has a significant positive influence on the operational performance of branches of commercial banks in Cameroon. This means that effective post-disbursement monitoring of borrowers is an important mechanism for improving loan quality, reducing default risk, strengthening financial outcomes, and enhancing overall branch performance.

Keywords: Credit monitoring, Borrower's financial statement, Operating cash flow, Monitoring environment, Credit monitoring committee, Performance, Commercial Bank Branches.

1. INTRODUCTION

Background

The advanced or developed nations are today described as credit societies, as individuals, companies and countries survive on credit. Africa too is gradually moving from the traditional economy to a developing economy. It is now general practice that the daily operations of nations, firms and individual are realized through the use of credit, and 90% of this credit is in the form of loans gotten from banks. Banking continues to be the pillar of the economic growth of many countries (Somasherkar, 2009). It is therefore an important branch of commerce and serves as an essential commercial institution for facilitating trade. As a result, the present business world cannot do without using one or the other types of banking products. When businesses are eager to reach out to the global market in this age of globalization and ensure a maximum return on their investment, they tend to reach out to banks in order to obtain credit to form the needed capital.

In the realization of the bank's principal mission of mobilizing public deposits and lending to existing businesses and emerging entrepreneurs in order to advance the nation's industrial and economic development, the bank lends and mobilizes funds in society. As a result, Industrial advantage and commercial gains accrue to all nations with the help of a sound and sustaining lending system (Bag & Islam, (2017)) and Sood et al, (2022). Again, in this realization of bank's mission of providing funds to the society, it is important for the bank to adopt effective loan selection procedure which is the subject of this study.

Loan monitoring is a critical process in financial management, banks and financial institutions use to ensure that loans to borrowers are being repaid according to the agreed terms. It involves tracking and analysing a borrower's financial status and payment behaviour to identify potential risks early and

take corrective action. Some tracking indicators for monitoring loans include non-performing loan (NPL) ratios, delinquency rates and credit quality trends. Procedures for loan monitoring are essential for the efficient administration of the loans in financial institutions (Kayumba, 2024), as the procedures involve ongoing monitoring and assessment of a loan portfolio to ensure that loans remain in good condition.

Collins et al. (2023) notes that credit monitoring includes a detail analysis of the entire credit portfolio carried out regularly, identifying loans to assess for impairment at an individual level. This analysis will involve the segmentation of the remainder of the loan portfolio into groups of loans with similar credit characteristics for assessment and analysis. The analysis entails credit monitoring done on a collective basis as well as identifying individual loans that are impaired, addressing the methods to determine if and how banks rate loans.

Loan monitoring processes may therefore have an impact on future loan underwriting requirements for a financial institution. Loan monitoring involves several procedures which involves implementing robust credit policies and procedures which helps ensure consistency and clarity in loan monitoring. Continuously assessing the financial health of the borrower by reviewing their financial statements, cash flow, and other relevant financial indicators. According to Faith et al., (2023), credit monitoring requires monitoring credit management choices and actions to determine whether credit restrictions or reductions are warranted with respect to a particular risk noted with lending within a financial institution.

1.2 Statement of the Problem

More and more banks are using credit standards and credit policies, as they try to employ best practices in loan monitoring. Even though these banks have tried to adhere to best practices, credit guidelines and standards which practice prudent lending, many are still confronted with the problem of loan default which implicitly affect their operational performance, as evident by (Galán & Fernández de Lafuerza, 2024). Instead, poor loan monitoring procedure in banking institutions is identified as a cause of the increasing loan defaults in commercial bank branches as evidenced by the World Bank's quarterly financial report of 2019 which shows that, the non-performing rate rises by 15% and the loan default rate increased by 16%, This trend not only threatens the institutions' sustainability, but also prevents them from fulfilling the purpose for which they were established (World Bank, 2019).

Commercial banks have created standards that ensure loans are timely returned, and without causing conflicts with the borrowers to maintain friendly transformational relationships with their clients. Evidence has revealed that, a sizable portion of these loans are not repaid, (Gudmundsson, 2019), even with commercial banks' best efforts to guarantee timely recovery of all loans. This problem endangers not just the achievement of objectives, and cast doubts on the effectiveness of loan monitoring procedure, long-term viability and overall operational performance of the bank. As a result, efficient loan monitoring is required, and loan managers must carefully monitor to reduce any risks that might have negative impact on the bank's operational performance (Berger & Udell, 2002)

Despite alignment with international banking codes such as the Basel Principles, consistent enforcement of prudential regulations, transparency in financial reporting, risky monitoring practices still persist, Cameroon's branch banking sector faces elevated challenges in loan monitoring due to under collateralized loans, weak credit appraisal systems, and this can be attributed to poor loan monitoring management.

1.3 Objectives of Study

The main objective of this study is to examine the influence of loan monitoring on the operational performance of branches of commercial banks in Cameroon. To achieve this main objective, the following specific objectives are addressed in the work. They include:

1. To examine the influence of the monitoring borrower's financial statement on the operational performance of branches of commercial banks in Cameroon.
2. To investigate the extent to which monitoring the borrower's cashflow influences the operational performance of branches of commercial banks in Cameroon.
3. To analyse the influence of the credit monitoring committee on the operational performance of branches of commercial banks in Cameroon.
4. To examine the influence of the monitoring environment on the operational performance of branches of commercial banks in Cameroon.

1.4 Research Hypotheses

In order to achieve the objectives of this study, the following hypotheses were formulated and tested on observed data. They are:

1. H0: Monitoring borrower's financial statement does not significantly influence the operational performance of branches of commercial banks in Cameroon.
2. H0: Monitoring the borrower's cashflow does not significantly influence the operational performance of branches of commercial banks in Cameroon.
3. H0: The credit monitoring committee does not significantly influence the operational performance of branches of commercial banks in Cameroon.
4. H0: The monitoring environment does not significantly influence the operational performance of branches of commercial banks in Cameroon.

1.5 Conceptual Framework

The three main concepts of this study are loan monitoring, operational performance and commercial banks. Loan monitoring is a critical process in which financial management, banks and financial institutions use to ensure that loans to borrowers are being repaid according to the agreed terms. It involves tracking and analysing a borrower's financial status and payment behaviour to identify potential risks early and take corrective action. Some tracking indicators for monitoring loans include non-performing loan (NPL) ratios, delinquency rates and credit quality trends. Procedures for loan monitoring are essential for the efficient administration of the loans in financial institutions (Kayumba, 2024), as the procedures involve ongoing monitoring and assessment of a loan portfolio to ensure that loans remain in good condition.

The concept of performance is a very broad term in management sciences. This is a measure of how well a bank can use its assets to generate revenues within a period of time. This term is also used as a general measure of a firm's overall financial health over a given period of time and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation (Avkiran, 1995). Since the role of bank remains central in financing economic activity, its effectiveness could exert positive impact on overall economy as a sound and profitable banking sector is better able to withstand negative shocks and contribute to the stability of the financial system (Athanasoglou, et al, 2025).

Operational performance as used in this study includes both the financial operational performance and the non-financial operational performance of the banks. For purposes of control, the size of the branches measured in terms of the number of employees of the branches and the experience of the branches measured in terms of the duration of the branches were used as control variables. The conceptual framework of this study is therefore presented on figure 1 below;

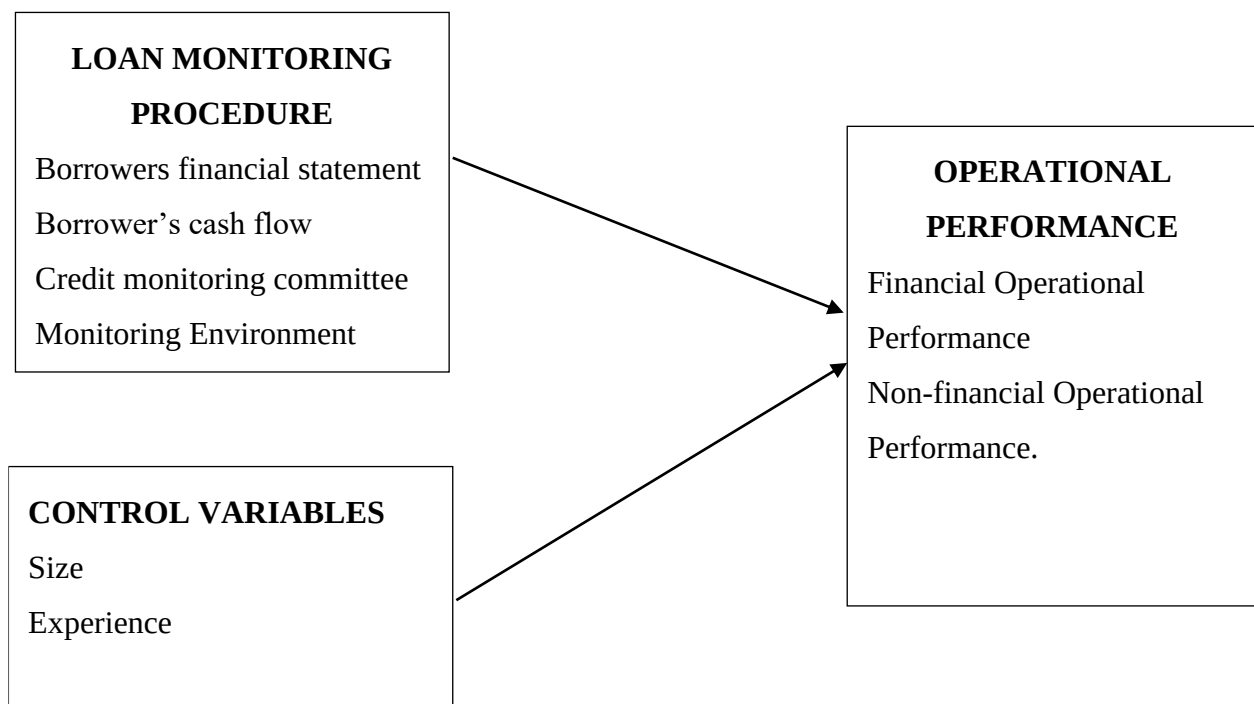


Figure 1: Conceptual Framework

1.6 Review of Previous Studies on Loan Monitoring and Operational Performance of Commercial Banks

Previous empirical literature on the influence of loan selection on the operational performance of commercial banks can be summarised on the Table1 below.

Table 1 Summary Literature on Loan Selection and Operational Performance of Commercial Banks

<i>Author</i>	<i>Year</i>	<i>Objective</i>	<i>Variables</i>	<i>Estimation Technique</i>	<i>Results</i>
Semusu et al "The Effect of Credit Monitoring Policy on Loan Performance in Commercial Banks. In Uganda	2026	To examines how head-office risk frameworks impact regional and branch-level loan portfolios	Credit risk approval and credit risk monitoring were used as variables to measure credit risk management.	Factor Analysis, and Structural Equation Modelling	Credit monitoring has a positive but statistically insignificant relationship with loan performance
Mwangi et al Credit Risk Monitoring, Cost Efficiency and Financial Performance		To examine the relationship between credit risk monitoring and financial performance of microfinance institutions in Kenya.	Credit risk approval and credit risk monitoring	Panel Regression	Credit monitoring paradox shows negative correlation overly administrative or rea
Elemu Anthony Credit Management Practices, Loan Repayment Management and profitability of commercial bank branches in Uganda.	2021	To establishing the relationship between credit management practices and profitability; the relationship between loan repayment management and profitability; mediating the effect of loan repayment management on credit management practices and profitability, and examining the impact of credit management practices and loan repayment management on profitability.	Loan repayment practices: -loan monitoring control; -loan appraisal; -proper documentation.	Regression analysis	This study ascertained a positive relationship between credit management practices and profitability
Dr D. D. Mukherjee Credit Monitoring, legal aspect and Recovery of Bank Loan.	2025	A handbook examining post-approval credit process - Monitoring,			

Source: Computed by Researcher(2026)

2. MATERIALS AND METHODS

2.1 Research Design

The survey research design was adopted for this study to assess the influence of loan monitoring procedures on the operational performance of branches of commercial banks in Cameroon. The justification for choosing this research design is based on the premise that the research design is able to provide the study with the opportunity of collecting qualitative data through the administration of questionnaire. This survey research design is appropriate for this study because the study intended to used primary collected from branches of commercial banks operating in Cameroon through the administration of questionnaire. On a specific note, the causal survey research design was used. This is due to the fact that the study intended to determine the nature of relationship between loan monitoring and the operational performance of branches of commercial banks in Cameroon.

2.2 Area of Study

The main objective of this study is to determine the influence of loan monitoring on the operational performance of branches of commercial banks in Cameroon. The area of this study is therefore the economy of Cameroon. Cameroon is one of the countries of the Central African Economic and Monetary Community (CEMAC) and is bordered by Nigeria, Chad, Central African Republic, Republic of Congo, Equatorial Guinea, and Gabon. Cameroon is the largest economy in the CEMAC region owing to its demography with a population, geographical situation and its diversified economy (agriculture, oil and gas sectors). It has a surface area of 475 440 Km², a population of approximately 33,135,732 as at the year 2023, it also has a GDP of \$159.24 billion and a growth rate of 5.1%. Cameroon has 19 licensed commercial banks, constituting about 327 branches. The banking sector is regulated by the Bank of Central African States (BEAC), the Banking Commission for Central African States (COBAC), among others.

2.3 Study Population and Sampling Procedure

As at the 31st of December 2022, there were officially 19 licensed commercial banks in Cameroon. Given that data shall be collected from the branches of these commercial banks, the population of this study is therefore made up of the number of branches of these 19 commercial bank branches operating in Cameroon. As at 31st December 2022, these 19 commercial banks had a total of 327 branches. The population of this study is therefore the 327 branches of the 19 commercial banks in Cameroon.

The simple random sampling technique was employed to select the branches of commercial banks involved in the investigation. The number of branches of commercial banks included in this study was determined using the Yamane's formula as follows;

$$n = \frac{N}{1 + Ne^2}$$

Where

n = Sample size

N = Total Population

e = Error tolerance (0.05)

The number of branches of commercial banks included in the study were therefore calculated as follows

$$n = \frac{N}{1 + Ne^2}$$

$$n = \frac{327}{[1 + 327(0.05)^2]}$$

$$n = \frac{327}{1.8175}$$

$$n = 180$$

The sample size for this study is therefore 180 branches of commercial banks that are operating in Cameroon.

2.4 Data Collection and analysis

This study made use of primary data collected through the administration of questionnaires. Questionnaires were administered to 240 branches of commercial banks operating in Cameroon. Before the administration of the questionnaires, a pilot test was done involving some randomly selected branches of commercial banks in Cameroon so as to test the validity and reliability of the questionnaire as an instrument of data collection. The questionnaire was based on a standard Likert scale of five points, which enables data coding in a way that strongly agree = 5, agree = 4, neutral = 3, disagree = 2 and strongly disagree = 1.

2.4.1 Operationalisation of Variables

Table 2: Operationalisation of Research Variables

Variable	Meaning	Description	Measurement
Dependent Variable			
OP	Operational Performance	A measure of how well a bank can use its assets to generate revenue within a given period of time to ensure the sustainability of the bank.	Financial operational Performance (FOP) Non-Financial operational Performance (NFOP)

Variable	Meaning	Description	Measurement
Independent Variables			
BF	Borrower' financial statements	Mechanism to to track a borrower's ongoing financial health and ability to repay a loan. This practice allows banks to detect early warning signs of distress, verify compliance with loan agreements, and mitigate default risks before losses occur.	Examine borrower's profitability statement. Examine borrower's liquidity statement Evaluate borrower's leverage ratios
BC	Borrower's cashflow	A proactive credit monitoring strategy where lenders track the actual movement of cash into and out of a borrower's business during the lifecycle of a loan.	Monitor borrower's income and expenditure. Analyse positive and negative investing cash flows.
CM	Credit monitoring committee	A credit monitoring committee (CMC) is a specialized governance body within a financial institution tasked with overseeing the quality, performance, and risk profile of an organization's loan portfolio	Assessing ability to meet obligations. Ensures funds are put to intended use. Evaluates adequacy of collateral guarantees.
ME	Monitoring Environment	In the context of loan management, a monitoring environment is a structured internal framework used by lenders to continuously track, assess, and mitigate risks across a loan portfolio after disbursement.	Provides early signal for potential default risk. Operates an alert system through automated notification. Timely detection and correction of inaccuracies in credit reporting. Continuous tracking of credit information.
Control Variables			
SIZE	Size of branch	The number of employees of the branch	1 – 5 employees = 1 6 – 10 employees = 2 11 - 15 employees = 3 16 – 20 employees = 4 More than 20 employees = 5
EXP	Experience of the branch	Number of years the branch has been operational	1 – 5 years = 1 6 – 10 years = 2 11 - 15 years = 3 16 – 20 years = 4 More than 20 years = 5

Source: Computed by Researcher (2026)

2.4.2 Model Specification

To determine the influence of loan selection on the operational performance of branches of commercial banks in Cameroon, the following models were used.

$$FOP_i = \beta_0 + \beta_1 BF_i + \beta_2 BC_i + \beta_3 CM_i + \beta_4 ME_i + \beta_5 SIZE_i + \beta_6 EXP_i + \mu_i \dots \dots \dots (1)$$

$$NFOP_i = \beta_0 + \beta_1 BF_i + \beta_2 BC_i + \beta_3 CM_i + \beta_4 ME_i + \beta_5 SIZE_i + \beta_6 EXP_i + \mu_i \dots \dots \dots (2)$$

$$OP_i = \beta_0 + \beta_1 BF_i + \beta_2 BC_i + \beta_3 CM_i + \beta_4 ME_i + \beta_5 SIZE_i + \beta_6 EXP_i + \mu_i \dots \dots \dots (3)$$

Where:

- FOP_i = Financial operational Performance of Branches of Commercial Banks at period i
 NFOP_i = Non-financial operational Performance of Branches of Commercial Banks at period i
 OP_i = Operational Performance of Branches of Commercial Banks at period i
 BF_i = Borrower's financial statement reviews by Branches of Commercial Banks at period i
 BC_i = Borrower's cash flow analyses by Branches of Commercial Banks at period i
 CM_i = Credit monitoring committee of Branches of Commercial Banks at period i
 ME_i = Monitoring Environment of Branches of Commercial Banks at period i
 SIZE_i = Size of Branches of Commercial Banks at period i
 EXP_i = Experience of Branches of Commercial Banks at period i
 μ_i = Error term
 β₁, β₂, β₃, β₄, β₅, and β₆ = Parameters for estimation

2.5 Estimation Techniques

The estimation technique that was used in this study is the Ordinary Least Square (OLS). The use of this estimation technique for this study is based on the premise that the errors in the data are uncorrelated. If there is autocorrelation in the data, the OLS technique will produce inefficient results. The choice of the Ordinary Least Square (OLS) as the estimation technique for this study is based on the fact that it will produce the best linear unbiased estimates for the parameters of the model. After collecting the data, the data will be tested for the assumptions of the OLS such as normality, stationarity, no multi collinearity, no autocorrelation and homoscedasticity. The Ordinary Least Square will enable us determine the numerical values of the constant term (β₀) and the regression parameters (β₁, β₂, β₃, β₄, β₅, and β₆).

Considering the necessity for the data set to be used for inferential statistics to meet certain prescribed conditions, diagnostic tests was done on the data to ascertain that the data meet the assumptions of the analysis in order to avoid spurious regression. The data was tested for multicollinearity and heteroscedasticity before proceeding with the regression analysis. Cronbach alpha, standard error test and the probability test were employed to test the reliability and to validate the results.

3. RESULTS AND DISCUSSION

3.1 Descriptive Results

240 questionnaires were administered during data collection and 216 were returned, given a response rate of 90% which is considered adequate following the recommendations of Mugenda and Mugenda (2003) that a response rate of 50% or more is adequate for a study. The descriptive statistics are presented on Table 3.1 below.

3.1 Summary Statistics for Objective Three.

Table 3.1: Results from Summary Statistics

Variable	Obs	Mean	Std. dev.	Min	Max
borrower's Financial Statements (BF)	216	0.385204	0.311046	0	1
Borrowers' Cashflow (BC)	216	0.325351	0.28569	0	1
Credit Monitoring Committee (CM)	216	0.338794	0.242656	0	1
Monitoring Environment (ME)	216	0.682505	0.270135	0	1
nor_index_cm	216	0.389635	0.208541	0	1
OFP	216	0.011019	0.096417	0	1

Variable	Obs	Mean	Std. dev.	Min	Max
ONFP	216	0.017038	0.093176	0	1
OPERF	216	0.014028	0.094108	0	1
Number of Employees					
1 - 5 employees	216	0.273148	0.446611	0	1
6 – 10 employees	216	0.263889	0.441764	0	1
11 – 15 employees	216	0.24537	0.431306	0	1
16 – 20 employees	216	0.162037	0.369341	0	1
Above 20 employees	216	0.055556	0.229594	0	1
Experience					
Below 5 years	216	0.217593	0.413567	0	1
6 – 10 years	216	0.333333	0.4725	0	1
11 – 15 years	216	0.287037	0.45343	0	1
16 – 20 years	216	0.097222	0.296948	0	1
Above 20 years	216	0.064815	0.246771	0	1

Source: Data compiled by OLS Analysis (2026)

Table 3.1 presents the summary statistics for the variables used to examine the influence of credit monitoring on operational performance. The results are based on 216 observations, showing that all respondents are included in the analysis. Among the credit monitoring variables, Monitoring Environment record the highest mean value of 0.6825, suggesting that practices such as early warning signals, automated alerts, continuous credit tracking, and correction of credit reporting inaccuracies are the most strongly represented elements of credit monitoring among the survey branches. This is followed by the overall credit monitoring index, with a mean of 0.3896, Borrowers' Financial Statements with a mean of 0.3852, Credit Monitoring Committee with a mean of 0.3388, and Borrowers' Cashflow with a mean of 0.3254. The standard deviations indicate moderate variation across respondents, with Borrowers' Financial Statements recording the highest dispersion at 0.3110, followed by Borrowers' Cashflow at 0.2857, Monitoring Environment at 0.2701, Credit Monitoring Committee at 0.2427, and the overall credit monitoring index at 0.2085. Since all the variables have minimum and maximum values of 0 and 1, the results indicate that the variables are normalized for statistical analysis.

The performance variables record low mean values, with operational Financial Performance at 0.0110, operational Non-Financial Performance at 0.0170, and overall Performance at 0.0140, while their standard deviations are also below 0.10, suggesting limited dispersion in the normalized performance indices. The control variables further show that the sample is dominated by small and medium-sized branches. Branches with 1–5 employees had the highest mean of 0.2731, followed by those with 6–10 employees at 0.2639 and 11–15 employees at 0.2454, while branches with above 20 employees had the lowest mean of 0.0556. In terms of experience, respondents with 6–10 years record the highest mean of 0.3333, followed by those with 11–15 years at 0.2870 and below 5 years at 0.2176. Respondents with 16–20 years and above 20 years of experience are fewer, with means of 0.0972 and 0.0648 respectively.

3.2 Inferential Results

Cronbach Alpha Reliability Results for Credit Monitoring.

The Cronbach alpha test of reliability was conducted to indicate if the instrument was sufficiently consistent and dependable for analysing the relationship between Credit Monitoring and operational performance. The results are presented on Table 4 below

Table 4: Cronbach Alpha Reliability Results for Credit Monitoring

Variable	Obs	Items	Scale reliability coefficient	Average interitem correlation
borrower's Financial Statements (BF)	216	5	0.8758	0.5851
Borrowers' Cashflow (BC)	216	5	0.8584	0.5479
Credit Monitoring Committee (CM)	216	5	0.7777	0.4116

Variable	Obs	Items	Scale reliability coefficient	Average interitem correlation
Monitoring Environment (ME)	216	5	0.8332	0.4997
nor_index_cm	216	4	0.9113	0.7197
OFP	216	5	0.8231	0.30934
ONFP	216	5	0.7783	0.25363
OPERF	216	10	0.8696	0.4000

Source: Data compiled by OLS Analysis (2026)

Table 4 presents the reliability results for the variables used to measure credit monitoring and operational performance. The findings show that all the constructs record scale reliability coefficients above the generally accepted threshold of 0.70, indicating good internal consistency among the items used to measure each variable. Borrowers' Financial Statements record a reliability coefficient of 0.8758, Borrowers' Cashflow record 0.8584, Credit Monitoring Committee record 0.7777, and Monitoring Environment record 0.8332, showing that the items under each dimension are reliable. The overall credit monitoring index records the highest reliability coefficient of 0.9113, indicating excellent internal consistency and confirming that the four dimensions jointly form a strong measure of credit monitoring. Similarly, the performance variables are reliable, with operational Financial Performance recording 0.8231, operational Non-Financial Performance recording 0.7783, and overall operational Performance recording 0.8696. The positive average inter-item correlations further suggest that the items within each scale were related and measure the same underlying concept.

Pairwise Correlation for Credit Monitoring and Operational Performance

The data was further subjected to correlation analysis in order to tract the level of association between the variables. Specifically, the pairwise correlation was used. This is done on the premise that positive values indicate positive correlation while negative values indicate negative correlation. Values closer to 1 indicate strong correlation while values closer to 0 indicate weak correlation. A value of 0 indicates that there is no correlation between the variables while a value of 1 indicates that there is perfect correlation between the variables.

Table 5: Pairwise Correlation Results for Credit Documentation

	bf	bc	cm	me	Index_CM	ofp	onfp	operf	Employee	Experience
bf	1									
bc	0.8056	1								
cm	0.666	0.7373	1							
me	-0.6319	-0.7083	-0.7694	1						
index_cm	0.9128	0.8987	0.7765	-0.5412	1					
ofp	0.1503	0.2458	0.0974	-0.1941	0.1513	1				
onfp	0.1342	0.2294	0.082	-0.1823	0.1337	0.9711	1			
operf	0.1434	0.2395	0.0905	-0.1896	0.1437	0.993	0.9925	1		
Employees	-0.3042	-0.2583	-0.2858	0.3139	-0.2625	-0.0357	-0.0526	-0.0444	1	
Experience	-0.1816	-0.1842	-0.0541	0.0465	-0.1882	-0.1269	-0.1376	-0.1331	0.1951	1

Source: Data compiled by OLS Analysis (2026)

Table 5 presents the correlation results among the credit monitoring variables, performance indicators, and control variables. The results show strong positive relationships among the main credit monitoring dimensions. Borrowers' Financial Statements have a strong positive correlation with Borrowers' Cashflow at 0.8056 and a moderate-to-strong positive correlation with Credit Monitoring Committee at 0.6660, while Borrowers' Cashflow was also strongly related to Credit Monitoring Committee at 0.7373. The overall Credit Monitoring Index also has strong positive correlations with Borrowers' Financial Statements, Borrowers' Cashflow, and Credit Monitoring Committee, with coefficients of 0.9128, 0.8987, and 0.7765 respectively. This indicates that these components move closely together and contribute meaningfully to the overall credit monitoring index. However, Monitoring Environment has negative correlations with Borrowers' Financial Statements, Borrowers' Cashflow, Credit Monitoring Committee, and the overall Credit Monitoring Index, with coefficients of -0.6319, -0.7083, -0.7694, and -0.5412 respectively. This suggests that the monitoring environment variable may have been coded or scaled differently from the other credit monitoring dimensions, or that it captures a distinct aspect of credit monitoring.

With respect to performance, Borrowers' Cashflow has the strongest positive correlation with operational Financial Performance, operational Non-Financial Performance, and overall operational Performance, with coefficients of 0.2458, 0.2294, and 0.2395 respectively. Borrowers' Financial

Statements also show positive but weaker correlations with the three performance indicators, while Credit Monitoring Committee has very weak positive correlations with operational performance. In contrast, Monitoring Environment was negatively related to operational Financial Performance, operational Non-Financial Performance, and overall operational Performance, with coefficients of -0.1941, -0.1823, and -0.1896 respectively. The overall Credit Monitoring Index has weak positive correlations with the performance indicators, suggesting that credit monitoring practices generally move in the expected direction with operational performance, although the relationships are not very strong at the bivariate level. The operational performance indicators themselves were highly correlated, with operational Financial Performance and operational Non-Financial Performance recording a correlation of 0.9711, while overall operational Performance correlate strongly with both operational financial and operational non-financial performance. The control variables show weak negative relationships with performance, while employees and experience are positively correlated at 0.1951.

Regression Results for Credit Monitoring.

The regression results for credit monitoring rational performance of branches of commercial banks in Cameroon are presented on Table 6 below.

Table 6: Regression Results of the influence of credit monitoring on the operational performance of branches of commercial banks in Cameroon

Table 6: Table of Regression Results for Objective Three on Credit Monitoring.

	(1)	(2)	(3)	(4)	(5)	(6)
VARIABLES	OFP	ONFP	OFP	ONFP	OPERF	OPERF
bf	0.141*	0.0532			0.000403	
	(0.0772)	(0.0851)			(0.0165)	
bc	0.240***	0.347***			0.0790***	
	(0.0875)	(0.0965)			(0.0187)	
cm	0.203***	0.193**			0.0321*	
	(0.0778)	(0.0857)			(0.0166)	
me	0.265***	0.252***			0.0501***	
	(0.0759)	(0.0836)			(0.0162)	
index_cm			0.383***	0.282***		0.333***
			(0.0571)	(0.0641)		(0.0505)
6 – 10 years	-0.219*	-0.683***	0.0579*	-0.119***	-0.0761***	-0.0308
	(0.128)	(0.141)	(0.0319)	(0.0358)	(0.0274)	(0.0282)
11 – 15 years	0.0695	-0.296*	0.0876**	-0.00404	-0.0213	0.0418
	(0.144)	(0.158)	(0.0350)	(0.0393)	(0.0306)	(0.0310)
16 – 20 years	-0.210	-0.156	0.0198	0.00324	-0.0279	0.0115
	(0.147)	(0.162)	(0.0370)	(0.0415)	(0.0314)	(0.0327)
Above 20 years	-0.158	-0.797***	0.0839	-0.149**	-0.0787*	-0.0327
	(0.216)	(0.238)	(0.0550)	(0.0618)	(0.0460)	(0.0487)
6 – 10 years	0.189	-0.0649	0.0979***	0.0464	0.0180	0.0722**
	(0.132)	(0.145)	(0.0325)	(0.0365)	(0.0281)	(0.0287)
11 – 15 years	-0.00281	-0.0345	0.0483	0.0236	0.00880	0.0360
	(0.127)	(0.139)	(0.0323)	(0.0363)	(0.0270)	(0.0286)
16 – 20 years	-0.0759	-0.000987	-0.0607	0.0138	-0.0356	-0.0234
	(0.170)	(0.187)	(0.0441)	(0.0495)	(0.0362)	(0.0390)
Above 20 years	-0.210	-0.315	-0.0263	-0.0816	-0.0473	-0.0539

	(1)	(2)	(3)	(4)	(5)	(6)
VARIABLES	OFP	ONFP	OFP	ONFP	OPERF	OPERF
	(0.202)	(0.223)	(0.0512)	(0.0574)	(0.0431)	(0.0453)
nor_index_cm			-0.383***	-0.282***		-0.333***
			(0.0571)	(0.0641)		(0.0505)
Constant	4.134***	4.493***	0.867***	0.912***	0.822***	0.889***
	(0.135)	(0.149)	(0.0433)	(0.0486)	(0.0289)	(0.0383)
Observations	216	216	216	216	216	216
F-statistics	9.31***	6.54***	7.95***	4.83***	9.18***	6.86***
R-squared	0.355	0.279	0.258	0.174	0.352	0.230

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Source: Data compiled by OLS Analysis (2026)

Table 6 presents six regression models showing the influence of credit monitoring on the operational performance of branches of commercial banks in Cameroon. Models 1 and 2 examine the effects of the individual credit monitoring dimensions on operational financial performance and operational non-financial performance respectively, while Models 3 and 4 examine the effect of the overall credit monitoring index on operational financial and operational non-financial performance. Models 5 and 6 examine the effect of credit monitoring on overall operational performance. The F-statistics are significant at the 1% level across all six models, indicating that the explanatory variables jointly explain changes in performance. The R-squared values show that the individual credit monitoring variables explain 35.5% of the variation in operational financial performance, 27.9% of the variation in operational non-financial performance, and 35.2% of the variation in overall performance. When the credit monitoring index is used, the model explains 25.8% of operational financial performance, 17.4% of operational non-financial performance, and 23.0% of overall operational performance. This suggests that the individual dimensions of credit monitoring provide a stronger explanation of operational performance than the composite index.

With respect to the individual credit monitoring variables, Borrowers' Cashflow have the strongest and most consistent positive influence on performance. Its coefficient is 0.240 for operational financial performance and significant at the 1% level, 0.347 for operational non-financial performance and significant at the 1% level, and 0.0790 for overall operational performance, also significant at the 1% level. This implies that branches that effectively monitor borrowers' income, expenditure, operating cashflow, future cashflow, and other cashflow sources are more likely to experience improvement in operational financial, operational non-financial, and overall operational performance. Monitoring Environment also has a strong and consistent effect, with coefficients of 0.265, 0.252, and 0.0501 for operational financial, operational non-financial, and overall operational performance respectively, all significant at the 1% level. This means that a credit monitoring environment with early warning signals, alert systems, continuous credit tracking, timely detection of financial distress, and correction of credit reporting errors significantly improves branch performance.

Credit Monitoring Committee also shows a positive and significant influence on operational performance, although its magnitude was lower than that of borrowers' cashflow and monitoring environment. It had a coefficient of 0.203 for operational financial performance, significant at the 1% level; 0.193 for operational non-financial performance, significant at the 5% level; and 0.0321 for overall performance, significant at the 10% level. This suggests that where credit monitoring committees are active in assessing borrowers' ongoing repayment ability, fund utilization, negative business information, and collateral adequacy, branch performance improves. Borrowers' Financial Statements have a weaker effect. It was positive and significant only in the operational financial performance model, with a coefficient of 0.141 at the 10% level. However, its coefficients for operational non-financial performance and overall performance were not significant. This indicates that reviewing borrowers' profitability, liquidity, leverage, quarterly statements, and balance sheets contributes more directly to operational financial performance than to broader operational outcomes.

The overall credit monitoring index also has a significant effect on operational performance. In Models 3, 4, and 6, the index record coefficients of 0.383, 0.282, and 0.333 respectively, all significant at the 1% level. This indicates that credit monitoring, when considered as a combined practice, significantly improves financial performance, non-financial performance, and overall operational performance. However, the table also reports a second variable labelled nor_index_cm with the same coefficients but negative signs in Models 3, 4, and 6. This appears to be a reporting or coding duplication, because the same index should not ordinarily appear twice in the same model with equal magnitudes and opposite signs. For interpretation, the positive index_cm results are more consistent with the individual credit monitoring dimensions and the study's theoretical expectation that stronger credit monitoring improves performance. Therefore, the negative duplicate should be checked in the statistical output before final submission.

The control variables show mixed effects. For number of employees, branches with 6–10 employees record negative and significant effects on operational financial performance, operational non-financial performance, and overall performance in some models. For instance, the coefficient was -0.219 in Model 1, significant at the 10% level; -0.683 in Model 2, significant at the 1% level; and -0.0761 in Model 5, significant at the 1% level. Branches with above 20 employees also record negative and significant effects on operational non-financial performance and overall operational performance in some models.

This suggests that larger branch size does not automatically translate into better performance unless staffing is efficiently managed. For experience, respondents with 6–10 years of experience have a positive and significant effect in some models, especially Model 3, where the coefficient was 0.0979 at the 1% level, and Model 6, where the coefficient was 0.0722 at the 5% level. Other experience categories were mostly insignificant, suggesting that experience has a less consistent influence than credit monitoring practices themselves.

Overall, the regression results indicate that credit monitoring has a significant positive influence on the operational performance of branches of commercial banks in Cameroon. The strongest drivers were borrowers' cashflow monitoring, monitoring environment, and credit monitoring committee activities, while the review of borrowers' financial statements have a weaker and mainly financial effect. Since the individual dimensions and the credit monitoring index were statistically significant in several models, the null hypothesis that credit monitoring has no significant influence on operational performance is rejected. This means that effective post-disbursement monitoring of borrowers is an important mechanism for improving loan quality, reducing default risk, strengthening financial outcomes, and enhancing overall branch performance.

3.3 Discussion of Results

This study investigates the influence of credit monitoring on the operational performance of branches of commercial banks in Cameroon. Specifically, the study investigated how borrower's financial statements, borrower's cash flow, the credit monitoring committee and the monitoring environment influence the operational performance of branches of commercial banks in Cameroon. The operational performance of the branches of commercial banks in Cameroon is measured using a composite index involving financial operational performance and non-financial operational performance variables. The study uses primary data collected using questionnaires from 216 branches of commercial banks in Cameroon between January and March 2026 and analysis using both descriptive and inferential statistics with the use of the maximum likelihood and ordinary least squares estimation techniques as well as the pairwise correlation.

The findings reveal that borrowers' cashflow had the strongest and most significant positive influence on the operational performance of branches of commercial banks in Cameroon with a coefficient of 0.240, this is consistent with the findings of (Elemu, 2021), (Gupta & Gupta, 2023) and (Mukherjee, 2025). which implies that branches that effectively monitor borrowers' income, expenditure, operating cashflow, future cashflow and other cashflow sources are more likely to experience improved financial, non-financial and overall financial operational performance.

Concerning the Monitoring Environment also has a strong and consistent effect, with coefficients of 0.265, 0.252, and 0.0501 for operational financial, operational non-financial, and overall operational performance respectively. This means that a credit monitoring environment with early warning signals, alert systems, continuous credit tracking, timely detection of financial distress, and correction of credit reporting errors significantly improves branch performance.

With regards to Credit Monitoring Committee, it shows a positive and significant influence on operational performance, although its magnitude was lower than that of borrowers' cashflow and monitoring environment, with a coefficient of 0.203 for operational financial performance. This suggests that where credit monitoring committees are active in assessing borrowers' ongoing repayment ability, fund utilization, negative business information, and collateral adequacy, branch performance improves. As for the Borrowers' Financial Statements, it has a weaker effect, as it showed positive and significant effect only in the financial operational performance model, with a coefficient of 0.141. However, its coefficients for operational non-financial performance and overall performance were not significant. This indicates that reviewing borrowers' profitability, liquidity, leverage, quarterly statements, and balance sheets contributes more directly to operational financial performance than to broader operational outcomes.

The overall credit monitoring index also has a significant effect on operational performance. This indicates that credit monitoring, when considered as a combined practice, significantly improves financial performance, non-financial performance, and overall operational performance. The positive credit monitoring index results are more consistent with the individual credit monitoring dimensions and the study's theoretical expectation that stronger credit monitoring improves performance.

The control variables show mixed effects. For the number of employees, branches with 6–10 employees record negative and significant effects on operational financial performance, operational non-financial performance, and overall performance in some models. For instance, the coefficient was -0.219 in Model 1, -0.6; and -0.0761 in Model 5. While Branches with above 20 employees also record negative and significant effects on operational non-financial performance and overall operational performance in some models, suggesting that larger branch size does not automatically translate into better performance unless staffing is efficiently managed. For the control variable, Experience, respondents with 6–10 years of experience have a positive and significant effect especially in Model 3, where the coefficient was 0.0979 at the 1% level, and Model 6, where the coefficient is 0.0722. Other experience categories were mostly insignificant, suggesting that experience has a less consistent influence than credit monitoring practices themselves.

Overall, the regression results indicate that credit monitoring has a significant positive influence on the operational performance of branches of commercial banks in Cameroon. The strongest drivers were borrowers' cashflow monitoring, monitoring environment, and credit monitoring committee activities, while the review of borrowers' financial statements have a weaker and mainly financial effect. Since the individual dimensions and the credit monitoring index were statistically significant in several models, the null hypothesis that credit monitoring has no significant influence on operational performance is rejected. This means that effective post-disbursement monitoring of borrowers is an important mechanism for improving loan quality, reducing default risk, strengthening financial outcomes, and enhancing overall branch performance.

The results of this study show that credit documentation has a positive influence on the operational performance of branches of commercial banks in Cameroon. The implication of these results is that, for the branches of commercial banks in Cameroon to improve on their operational performance, credit

monitoring has to be carefully conducted. Commercial banks must consider the borrower's financial statement under which loans are granted in addition to a careful cashflow assessment as well as considerations to the credit monitoring committee and the monitoring environment where the commercial bank branch operates.

4. CONCLUSION AND RECOMMENDATIONS

4.1 Conclusion

This study was carried out to investigate the influence of credit monitoring on the operational performance of branches of commercial banks in Cameroon. The regression results of credit monitoring and operational performance reveal that the borrowers' cashflow, the credit monitoring committee and the monitoring environment have a positive influence on the overall operational performance of branches of commercial banks in Cameroon. while the borrowers' financial statements had a weaker effect, as it was positive and significant only in the financial operational performance model and not on the non-financial and overall operational performance. The Borrowers' cashflow has the strongest and most consistent positive influence on performance. This implies that branches that effectively monitor borrowers' income, expenditure, operating cashflow, future cashflow and other cashflow sources are more likely to experience improved financial, non-financial and overall operational performance.

4.2 Recommendations

In view of the findings of this study, the following recommendations are made. With respect to the individual credit monitoring variables, Borrowers' cashflow had the strongest and most consistent positive influence on operational performance of branches of commercial banks in Cameroon, the study recommends that more consideration should be given to the borrowers' cashflow during credit monitoring in order to improve on the operational performance of the branches. Knowing that borrowers' cashflow significantly influences the financial and non-financial operational performance of the branches of commercial banks in Cameroon, commercial banks operating in Cameroon should carefully assess the borrowers' cash flow before granted loans.

4.3 Suggestions for Further Studies

This study does not incorporate all the constructs of credit monitoring in its empirical analysis. The study is limited to the borrower's financial statement, the borrower's cash flow, the credit monitoring committee and the monitoring environment. To researchers who will be investigating the influence of credit monitoring on the operational performance of commercial banks, this study suggests that more variables of credit monitoring should be included in analysis. The study also suggests that future researchers should incorporating more control variables in further empirical analysis.

Furthermore, the study used survey research design and primary data collected through the administration of questionnaires in its empirical analysis. A different research design could be used which will permit researchers interest in this field to collect and use secondary data. Moreso, the study used regression analysis to establish the relationship between credit monitoring and the operational performance of branches of commercial banks in Cameroon. The study suggest that a different analytical technique could be used such as structural equation modelling.

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