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A Survey of Banks in Ghana's Credit Risk Management Practices

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Abstract

In recent times, banks and other financial institutions that lend money to customers have placed a high priority on credit risk management. To manage credit risk, banks employ customer evaluation systems, loan size restrictions, credit checks, flexible loan repayment plans, and fines Hence, the present study focuses on the credit risk management practices used in banks, to identify the internal control measures used in mitigating credit risk in banks and to examine the challenges faced in implementing credit risk management practices. The Ordinal Logistic Regression (OLR) was used to identify the relationships between the response variables, e.g. management support, credit risk identification, internal control measuers and credit risk management surveys. The independent variables were calculated on an ordered, 5-point Linear scale for the responding participants. In this study, log lit function was chosen, that demonstrated the model appropriateness. One of the main finding is that in banks, credit management risk is reduced when managers implement and adhere to responsible credit risk management procedures, viable client appraisal credit management system, regular credit checks, flexible credit repayment systems to encourage and improve loan repayment, were highly significant with the respondents' positive initiative amidst credit risk management practices in banks.

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1. PENDAHULUAN

Ghana's finance houses and banks are exposed to a variety of risks, and their inability to effectively manage those risks has a significant impact on bank management. Risk management in modern banking activities and operations is crucial since banking operations and risk cannot be separated from one another. Every bank must prioritize efficient and effective risk management in their operations. The main reason for the underwhelming performance of banks is believed to be credit issues. Banks will have lower failure rates and less chance off experiencing unfavorable losses when credit risk is appropriately controlled. This research aims to assess selected universal banks in Ghana's credit risk management procedures. Literature reveals that some research work have been previously undertaken to investigate factors that affect banks performance and management practices in Ghana, According to Boahene et al., (2012), they looked at the relations between risk management and performance but not the inpact of risk on performance. In another investigation by Boahene et al., (2012), credit Risk and Profitability of Selected Banks in Ghana. They debunked the earlier findings that credit is negatively related to profitability, their paper concluded that banks in Ghana enjoy high profitability

inspite of high credit risks. However, not much evidence exist with regards to studies on credit risk management practices and strategies resulting in continued rise in non-performance of banks, massive lay-offs, slow economic growth and loss of shareholders equity (Alshatti, 2015). The study seeks to fill this gap by evaluating the credit risk management practices at banks in Ghana. The study focus on banks because typically, banks give loans to individuals, businesses and government. Thus, the bank is highly associated with credit risk which has a direct threat on its solvency. However, In order to make sure that banks growth and stability is not jeopardized, credit risk management practices including; in-depth loan appraisal, customers credit history checking and demanding collateral have been adopted by banks.

In Ghana, effective risk management has become very difficult in recent years, primarily because the level of industrial uncertainty has increased (Annor & Obeng, 2017). Every kind of financial institution and corporate organization now has a basic issue with risk, since the activities of Ghanaian banks subject them to a variety of hazards that need to be effectively handled (Zhongming, Samuel, & Guoping, 2019). Annor& Obeng (2017) contend that a basic issue plaguing the majority of African banks is the lack of effective credit risk management procedures. The failure of most banks in both established and developing nations, including Ghana, is a consequence of these institutions' inability to adhere closely to the recommended and conventional credit risk management policies and strategies (Annor & Obeng, 2017). Credit Risk management challenges (CRMC) namely Management Support, Credit Risk Identification, Internal Control Measures (CRC) are significantly associated with credit risk management practices in banks in Ghana. This means that, they are likely to decrease the higher-order scores of positive approaches.

However, Credit Risk Management Challenge has a negative coefficient, which means there is a decrease in the value of the credit risk management challenges. When the value of credit risk management practices increases. These significant covariates exhibited positive regression coefficients. These variables affect the confidence level of credit risk management practices in Ghana Banks.

Poor credit risk management techniques have negative effects on banking and financial operations, making it difficult for institutions to accomplish their goals. Similar to this, bad credit risk management techniques at their core cause stakeholders to lose confidence, loyalty, and trust. According to the general consensus, Ghana's financial system is mostly stable and sound, with local banks having adequate risk management portfolios and profiles. This impression is based on the belief that, with the exception of declining asset quality, which is mostly due to domestic macroeconomic factors, the industry has not yet suffered significant losses in the face of global financial crises (Moyo et al., 2014). The knowledge that would be added by the end of this research would be the clear universal road map to risk management practices built into the internal control systems of banks in Ghana.

The trust that stakeholders and customers have in the bank is increased by proper and effective risk management processes, and this confidence is still crucial to the existence of the bank. To increase earnings and enhance shareholder value, banks invest client deposits in loan portfolios and engage in other banking operations.

Objectives of the Study

The main objective of the research is to thoroughly assess the credit risk management practices at banks. However, the specific objectives are; To examine the credit risk management practices used in banks, to identify the internal control measures used in mitigating against credit risk in banks and to examine the challenges faced in implementing credit risk management practices

Research Questions: What are the credit risk management practices used in banks? What are the internal control measures used in mitigating against credit risk in banks? What are the challenges faced in implementing credit risk management practices? Ghana's

financial sector have in recent times served as a key contributor to the Gross Domestic product (GDP) As of the third quarter of 2021, finance and insurance activities in Ghana contributed over 3.43 billion Ghanaian cedis (GHS), roughly 499.4 million U.S. dollars, to the country's Gross Domestic Product (GDP), Asiamah, E. O. (2022). This implies that, any break down, will have significant influence on the various sectors of Ghana's economy. Such incidences such as risks remains key obstacles that can lead to a meltdown in Ghana's banking sector. Future researchers will also use this paper as the basis for further investigations into the banks activities. This study is thus very key to be undertaken to assist banks and financial institutions comply with best practices and requirements in relation to the management of credit risk and also assess the effectiveness of various credit risk management policies and practices of banks

Literature Review

This part is broken into two major sections. Thus, theoretical and empirical literature. The first part being the theoretical literature seeks to explain and adopt concepts that are relevant to the research subject matter and objectives. The empirical reviews seek to look at what has been done previously by earlier researchers and practically relates to credit risk management.

Theoretical Literature Review

European Journal of Business & Management, available online at www.iiste.org Vol. 9, No. 1, 2017 ISSN 2222-1905 (Paper) ISSN 2222-2839 (Online) 58 According to Njanike (2009), the banking crisis of 2003–2004 was mostly caused by poor credit risk management. According to Hosna, Manzura, & Juanjuan (2009), the recent global financial crisis has demonstrated that the risk management procedures and guidelines used by financial institutions are insufficient to satisfy the needs of the modern financial system. According to Achou & Tenguh (2008), managing credit risk effectively is essential for the long-term sustainability and survival of financial institutions like banks. According to Musyoki & Kadubo (2012), managing credit risk is crucial for banks because it is essential to the process of facilitating loans. By maintaining the exposure to credit risk, credit risk management raises the banks' risk-adjusted rate of return. The overview of related studies has been organized based on the factors they each addressed, rather than being given in chronological order. According to Von Kalckreuth (2005), an organization is said to be in financial hardship anytime its operations worsen or weaken to the point that it cannot pay its debts as they mount up. The primary indicator of financial difficulty is the inability to pay debts off together with a decline in one's ability to do so. Financial hardship, according to Brown Ciochetti & Riddiough (2006), begins anytime cash flows are insufficient to pay off maturing obligations. According to Brown Ciochetti & Riddiough (2006), poor management of risks, declining performance, and economic suffering are all causes of financial distress. Prior to banks having inadequate attitudes toward credit risks and liquidity, there are often problems like economic downturns, bad management choices, and blunders that end up costing banks money. According to Kalckreuth (2005), the stability and liquidity of the bank depends on how well credit risk is handled to provide a responsible lending portfolio. In order to account for changes in the financial markets and bank susceptibility to various risk exposures, this pertinent duty should be thorough. When implementing measures to control credit risk, efforts should be taken to account for the consequences and implications of creditors.

Credit is basically the trust that a lender puts in a borrower and ready to transfer resources to the borrower with the borrower promising to pay later. This implies that the lender is willing to give the borrower a particular asset or item with the mind of gaining the same asset or items in value at a later date. The credit manual of the bank of Ghana states that banks may grant credit facilities for the reasons of carrying out or conducting commercial and industrial business to profit the community. Such credit facilities may

further be extended to enhance borrowers' efficiency in relation to their education, health and subsistence. The management of risk is a key element that may affect any financial institution's performance.

Risk management has been defined in a variety of ways by academics. The primary goals of risk management are to protect earnings variations, maximize profitability, minimize losses, and decrease cash flow volatility. Credit risk is the probability that a bank's borrower or counterparty won't fulfill its commitments. To effectively manage credit risk, one must have a thorough understanding of loan loss resources and bank capital. Utilizing dependable, efficient, and effective risk management strategies enables banks to operate in a risk-free environment.

Banks are required to make sure that the risk is effectively spread over a variety of borrowers. The amount of credit that a person with a specific risk profile can accept is determined by the credit limit that banks set. If credit risk is not effectively managed, shareholders may lose faith in the bank's operations. Credit risk management is a critical component of every financial organization's overall strategy for success and long-term survival. Vong & Hoi (2009) argued that excellent differentiation strategies based solely on customer risk profiles can help businesses enjoy competitive advantages.

According to Muhammed & Garba (2014), effective credit policy manuals should be included in banks' credit risk strategies and processes. Economic conditions typically have a significant impact on bank credit policy. In order to effectively manage credit risk, reasonable and appropriate rules and processes must be established. Early detection of bank credit portfolio problems is essential for enabling alternative action in the effective estimation of prospective loan losses. The technique and methodology used in awarding the credit will ultimately determine how successful the credit-giving process is.

In order to ensure that the credit issued is effectively managed or administered, management is responsible for forming a credit administration team (Naceur & Omran, 2008). To complete the credit management exercise, a qualified team that will guarantee the use of procedures for evaluating the bank's general credit risk exposure and stringent internal rating systems must be adequately resourced (Muhammed & Garba, 2014). The terrible impacts of credit risk, which include the possibility of bank failure if credit risk is improperly managed, are a major factor in the requirement for a credit administration unit. Therefore, having the ability to measure, manage, control, supervise, enforce, and reclaim loans advances is crucial for the bank (Boahene, Dasah & Agyei, 2012).

Naceur & Omran (2008) noted that the credit management team is in charge of making sure that any credit provided is properly maintained and managed. This includes keeping track of transactions, creating the terms and conditions, and protecting custody securities. The team must make sure that the borrower's credit files contain the following information: a credit application, recent financial data, proof of approval, the date and record of all credit reviews, a record of securities and guarantees, a record of the conditions and terms of the facility, and evidence of the function of securities validation, which must include internal ratings and legal validity, among other things (Machiraju, 2004). Devinaga (2010) argued that such a credit unit must ensure borrower monitoring and that the procedures for new credit approval and the extension of existing loans are found to be extremely significant as potential and actual exposures alter over time. This entails maintaining regular contact and communication with borrowers, creating a culture that positions the bank as a dependable advisor, and growing the capacity necessary for the bank to help borrowers. The credit unit is responsible for keeping track of how the borrowers' money moves through the banks' accounts, constantly examining borrowers' reports, ensuring that borrowers' files are updated, and infrequently revisiting the rating provided to borrowers when the credit was granted.

Empirical Literature Review

Here are a few studies that have looked into this topic and the effects of credit risk on bank performance. An investigation was undertaken by Achou & Tenguh (2008)**)** to determine how banks handle credit risk. They examined the Qatar Central Bank's financial statistics from the years 2001 to 2005. Kidane, S. T. (2020) Regression analysis revealed a substantial association between credit risk management and bank performance. Gizaw, Kebede, & Selvaraj examined the impact of credit risk on the Ethiopian commercial banks' profitability. Secondary data from the annual reports of eight commercial banks was used in the study. The data were analyzed using regression and STATA software. The results demonstrated that nonperforming loans, capital sufficiency, and loan loss provisions are some of the factors that determine credit risk. These factors had a highly substantial impact on Ethiopian commercial banks' profitability. Therefore, the researchers indicated that, in order to enjoy good financial standing, it is important to develop efficient credit risk management techniques and policies. Similarly, Ahmad & Ariff's research from 2007 demonstrated that loan loss provision is an essential part of credit risk in the majority of banks and financial institutions. Khattak, M. A., Ahmad, F., & Khan, N. A. (2022) Therefore, any increase in loan loss levels has a direct correlation to credit risk. The author emphasized the fact that credit risk is generally higher in developing nations than it is in established economies. After a research was conducted in Zimbabwe to look at the rate at which banks collapse if they neglect credit risk management, Njanike (2009), Qazi, U., Ahmad, A., Khan, M., & Aisha, R. (2022). came to a similar conclusion. The inability to handle credit risk was found to be related to rising rates of bank failure and crisis. Banks and financial institutions should implement credit scoring, frequently ensure that credit policies are reviewed, and also embrace significant corporate governance processes, according to Njanike (2009). Qazi, U., Ahmad, A., Khan, M., & Aisha, R. (2022). After conducting a study with the aim of examining the impact of credit risk on the profitability of Kenyan banks, Kithinji (2010), Adamu, E. D. (2022**).** made an intriguing discovery. The study took into account total loans, nonperforming loans, and profit accumulated over a five-year period. It's interesting to note that none of the two independent variables appeared to have any impact on profitability. The results showed that credit availability and nonperforming loans have no greater impact on bank profitability than other relevant variables. As a result, it is wise for banks to seriously consider other aspects rather than focusing solely on loans and nonperforming loans. Findings made by Uhomoibhi (2006) contradicted those made by Kithinji. His investigation found that non-performing loans is a big threat to Nigerian banks efficiency. In order to improve their credit management and administration and hence raise their profitability, it was underlined that banks should embrace creative scoring and credit rating. Further analysis of the data showed that loan loss provisions climbed from 64.5 billion in 1999 to 223.4 billion in 2004. This condition is undesirable since it lowers the annual profit numbers for banks. The academics advised banks to adopt good credit management techniques since they will increase profitability while lowering the amount of non-performing loans.

2. METODE

The influence of controlling credit risk management on banks' efficiency was also studied by Alalade, Binuyo,& Oguntodu in 2014. The study's goal was to evaluate how well banks manage credit risk and how doing so improves performance. In order to get the data for this study, questionnaires were given out and properly completed by the respondents. To ascertain whether credit risk management has an impact on effectiveness, correlation coefficient was used. The research revealed that credit risk reduces efficiency, demonstrating the need of credit risk management for financial organizations.

Primary data was the main source of this research. Questionnaires were administered at selected universal banks and the responses were analyzed The study used a primary data research design to determine the said objective of the study. Fisher (2010) argues that the most effective components of a structured survey are questionnaires that have been thoroughly standardised and tested. Surveys were created and distributed to the respondents. Closed-ended questions were used in the questionnaires, which was designed on a five point Linear scale. The survey was divided up into sections like A, B, C, D, E, F and G.

Quantitative research approach is applied in this study to get the intended results. Descriptive statistics, correlation matrix and through regression models. For the calculations purposes Ordinary Least Square (OLS) software is used.

Ethics involve the norms that human regulate human behavior which possess a relevant influence on human wellbeing (Creswell &Poth, 2016). Permission was asked from the various banks that the researcher collect data from.

Table 1. Measurement of variables

Variable	Notation	Description	Measurement	Sample Question	Authors	Expected Sign
Dependent Variable: Credit Risk	CP	The level of credit risk faced by the Banks. This is the outcome variable that will be influenced by the independent variables.	Ordinal Scale (1-5) or Continuous Scale (0-1)	On a scale of 1-5, how would you rate the credit risk faced by your organization?	Lee et al. (2021); Wang and Chen (2019)	N/A
Independent Variable: Management Support	MS	The extent to which top management provides support for the credit risk management process.	Ordinal Scale (1-5) or Continuous Scale (0-1)	On a scale of 1-5, how would you rate the support provided by top management for the credit risk management process?	Aven and Renn (2015); Fenton and Neil (2013)	Positive
Independent Variable: Credit Risk Identification	CRI	The extent to which the organization has a robust process for identifying credit risks.	Ordinal Scale (1-5) or Continuous Scale (0-1)	On a scale of 1-5, how would you rate the credit risk identification process in your Bank?	Raza et al. (2019); Hu and Wang (2018)	Negative
Independent Variable: Credit Risk Challenges	CRC	The challenges faced by your Bank in managing credit risks.	Binary (Yes/No) or Ordinal Scale (1-5) or Continuous Scale (0-1)	Have you faced any credit risk challenges in the past 12 months?	Samanta et al. (2021); Oghoghomeh and Izedonmi (2020)	Positive

Independent Variable: Credit Risk Management Challenges	CRMC	The challenges faced by your Bank in managing credit risk management process.	Binary (Yes/No) or Ordinal Scale (1-5) or Continuous Scale (0-1)	Have you faced any challenges in managing the credit risk management process in the past 12 months?	Adetiloye et al. (2018); Sun and Zhang (2018)	Positive

Source: Data Development (2022)

3. RESULTS AND DISCUSSION

The positivity of the participant in the Credit risk management practices, measured on a 5-point linear scale, is here estimated using Ordinal Logistic Regression (OLR) against independent variables, i.e., demographic variable and the availability of Credit risk and its effective practices. Ordinal regression uses correlations between independent variables to predict the dependent variable, just like other regression types like binomial or multiple logistic regressions. It is simple to determine which of the independent variables has a statistically significant impact on the dependent variable after an ordinal regression has been conducted.

Table 2. Model Fitting Information

Model	-2 Log Likelihood	Chi-Square	Df	Sig.
Intercept Only	509.200			
Final	414.235	94.965	4	.000

Link function: Logit.
Source: Data Processed (2022)

Table 2 displays the details relevant to the model. To assess whether the model increases the predictability of the outcome variable, All explanatory variables (the final model) and each independent variable ("intercept only" model) are compared with the model. When comparing the final model with the baseline to see if it has significantly enhanced the fit to the results, the statistically significant chi-square statistics x2 (4) =94.965 , p<0.001 indicate that the final model offers a marked improvement under the results, say that, under the intercept-only baseline model, the final model provides a marked change, indicating that the model makes stronger predictions than a mere guess based on marginal response categories. Hence the analysis is continued to goodness of fit test.

Table 3. Goodness-of-Fit

	Chi-Square	Df	Sig.
Pearson	1945.191	1556	.000
Deviance	408.055	1556	1.000

Link function: Logit.
Source: Data Processed (2022)

Both Pearson's chi-square statistics and deviance-based chi-square statistics are included in Table 3. Results of non-significant tests show that the model and the data fit each other well (McHugh, 2013). The statistics are used to determine if the observed data and the fitted model match. Both the deviance test (x2 (1556) = 408.055, p = 1.000) and the chi-square test of the Pearson (x2 (1556) = 1945.191, p = 0.000) could not be used on this data. Such findings point to a good match model.

Table 4. Pseudo R-Square

Cox and Snell	.565
Nagelkerke	.571
McFadden	.184

Link function: Logit.
Source: Data Processed (2022)

R-squared is the square of the relationship between the model's predicted values and the actual values. The correlation square is therefore from 0 to 1, so this correlation will have a range of -1 to 1. No matter whether the correlation is positive or negative, the higher the R-squared, the higher the correlation between the expected values and the actual values (Long 1997). Function of the independent variable on the dependent variables in the regression model in Table 4 is detailed here. According to pseudo R2 values, such as Nagelkerke = 0.571, only 57.1% of the explanatory factors adequately explain the difference between ineffective management of credit practices and credit management practices in Ghanaian banks. It is only predictable since there are numerous internal.

Table 5. Test of Parallel Lines

Model	-2 Log Likelihood	Chi-Square	Df	Sig.
Null Hypothesis	414.235			
General	213.887[b]	200.348[c]	56	.090

Source: Data Processed (2022)

According to the null hypothesis, all answer categories have the same location parameters (slope coefficients).
Logit is the link function.

a. After the maximum number of step-halvings, the log-likelihood value cannot be increased further.
b. Using the log-likelihood value from the most recent iteration of the general model, the Chi-Square statistic is calculated. The test's validity is not certain.

As stated earlier, ordinal regression assumes the relationship between the explanatory variables is the same, in all possible comparisons involving the dependent variable an assumption called proportional odds (Burridge J 1981). If parallel line test results show non-significance, then it is interpreted as indicating the presumption is fulfilled. Statistical significance is taken as an indication of a failure to fulfill the statement. The entire idea in ordinal regression is that the effects of such explanatory variables are compatible or equivalent over the various thresholds, hence this is commonly called the presumption of proportional odds (parallel lines) (Richard Williams 2016). This means that, whatever the threshold, the explanatory variables have the same effect on the odds. We interpret the findings in the findings from our study to mean that the expectation is met (as p=0.090).

Table 6. Parameter Estimates

Parameter		B	Std. Error	95% Wald Confidence Interval		Hypothesis Test			Exp(B)	95% Wald Confidence Interval for Exp(B)	
				Lower	Upper	Wald Chi-Square	df	Sig.		Lower	Upper
Threshold	[CP=1.00]	2.552	1.0807	433	4.670	5.575	1	.018	12.828	1.543	106.680
	[CP=1.20]	3.669	1.09791	517	5.821	11.169	1	.001	39.218	4.560	337.274
	[CP=1.40]	4.914	1.13192	695	7.132	18.846	1	.000	136.177	14.812	1251.993
	[CP=1.60]	5.868	1.16073	593	8.143	25.560	1	.000	353.693	36.358	3440.779
	[CP=1.80]	6.670	1.18774	342	8.998	31.538	1	.000	788.216	76.861	8083.261
	[CP=2.00]	7.752	1.24735	308	10.197	38.629	1	.000	2327.125	201.881	26825.227
	[CP=2.20]	7.881	1.25645	419	10.344	39.348	1	.000	2647.265	225.592	31064.986
	[CP=2.40]	8.176	1.27905	669	10.683	40.866	1	.000	3555.125	289.854	43604.469
	[CP=2.50]	8.338	1.29105	807	10.868	41.707	1	.000	4178.363	332.711	52474.035

[CP=2.60]	8.716	1.322	36.124	11.307	43.447	1	.000	6097.827	456.728	81412.854
[CP=2.80]	8.940	1.343	86.306	11.574	44.256	1	.000	7630.299	547.852	106272.333
[CP=3.00]	9.762	1.438	86.942	12.582	46.033	1	.000	17356.230	1034.604	291163.448
[CP=3.20]	10.960	1.580	87.862	14.059	48.072	1	.000	57551.971	2596.990	1275411.042
[CP=3.40]	12.048	1.696	18.724	15.372	50.455	1	.000	170741.919	6145.997	4743380.597
[CP=3.60]	12.844	1.834	19.249	16.438	49.040	1	.000	378400.264	10394.104	13775767.439
[Gender=1]	.235	.4118	-.572	1.042	.326	1	.568	1.265	.564	2.836
[Gender=2]	0[a]	.	.	.	.	.	.	1	.	.
[B=1]	-1.405	.4832	-2.352	-.458	8.459	1	.004	.245	.095	.632
[Bl=2]	-1.163	.5027	-2.148	-.178	5.351	1	.021	.313	.117	.837
[B=3]	0[a]	.	.	.	.	.	.	1	.	.
[C=1]	-.028	.7617	-1.521	1.465	.001	1	.971	.972	.218	4.327
[C=2]	.363	.7025	-1.013	1.740	.268	1	.605	1.438	.363	5.698
[C=3]	.614	.8057	-.965	2.193	.580	1	.446	1.847	.381	8.960
[C=4]	0[a]	.	.	.	.	.	.	1	.	.
[D=0]	-.499	.3806	-1.245	.247	1.720	1	.190	.607	.288	1.280
[D=1]	0[a]	.	.	.	.	.	.	1	.	.
[E=0]	-.619	.4397	-1.480	.243	1.979	1	.160	.539	.228	1.275
[E=1]	0[a]	.	.	.	.	.	.	1	.	.
MS	1.162	.3754	.426	1.898	9.585	1	.002	3.197	1.532	6.673
CRI	1.900	.4479	1.022	2.778	18.000	1	.000	6.688	2.780	16.091
CRC	.890	.4236	.059	1.720	4.410	1	.036	2.434	1.061	5.584
CRMC	-.491	.1673	-.819	-.163	8.624	1	.003	.612	.441	.849
(Scale)	1[b]									

Dependent Variable: CP

Model: (Threshold), Gender, employment_level, No._years_served, AUA, HUE, MS, CRI, CRC, CRMC

a. Set to zero because this parameter is redundant.

b. Fixed at the displayed value.

Source: Data Processed (2022)

a. This parameter is set to zero because it is redundant.

The chart parameter estimates (Table 6) is the center of the performance, explicitly informing us about the relationship between our explanatory variables and the outcome. Expression of the coefficients for covariates and relative values of factor level coefficients provide useful insights into the predictor effect of the model. Positive (negative) correlations for predictor variables suggest positive (differential) relationship between predictor and outcome. A covariate variable with a positive coefficient leads to a-probability of being in one of the cumulative "better" groups of preference. For factors, in one of the higher cumulative evaluation classes, a factor rating with a higher coefficient would mean a greater chance of being in. The indication of a factor level coefficient is contingent on the influence of that factor level relative to the categories of reference. The "Wald statistic" is the square of the factor ratio to its standard error.

The exponent (B) column, evaluated using R programming (R Core Team, 2014), contains the odds ratio representing the multiplicative shift within the odds of being in a higher variable group with each one-unit increase in the independent variables, retaining the corresponding independent variables unchanged. An odds ratio greater than 1 suggests an increased probability of being on the variable when values on the experimental variable rise at a higher stage, while a ratio less than 1 indicates a declining probability on the experimental variable with fewer values. An odds ratio equal to 1, indicates no expected shift within the probability of being as values on an increase in an experimental variable during a higher category. The thresholds are shown at the highest performance of the parameter estimates, and indicating where the latent variable is heading makes the factors we observe in our results.

P-values and coefficients function together in regression analysis to determine essential relationships within the model and the nature of those relationships. The coefficients describe the mathematical relationship based upon it between each independent variable and vector. The p- value coefficients show that such relationships are statistically important. It could be observed from table 6 that out of 32 items, all independent variables except Credit Risk management challenges (CRMC) namely Management Support (MS; B = 10162; p-value = 0.002), Credit Risk Identification (CRI; B=10900; p-value = 0.000), Internal Control Measures (CRC; B =0.890; p-value = 0.003) and are significantly associated with credit risk management practices in banks in Ghana. This means that, they are likely to decrease the higher-order scores of positive approaches.

However, Credit Risk Management Challenge has a negative coefficient of (B = -0.0491; p-value = 0.003) which means there is a decrease in the value of the credit risk management challenges when the value of credit risk management practices increase. These significant covariates exhibited positive regression coefficients. While p values of other 3 items were larger than 0.05 then these variables do not affect the confidence level of credit risk management practices in Ghana Banks

Discussion

A total of 119 respondents from selected banks participated in a survey of banks in Ghana concerning credit risk management practices. The P-value of the demographic variables is 0.235, which is >0.05. This means that gender has no significant influence on risk management practices in Banks.

The findings indicated that gender, as the only demographic variable, is not correlated with the notion of this survey, and since it has a p value > 05, For each independent variable, the p-value tests the null hypothesis that the variable and the dependent variable are not related. When there is no correlation, the changes in the independent variable and the shifts in the dependent variable are not related. In other words, there is insufficient evidence to indicate the effects of population rates (Greenland et al., 2016).

According to this research, there are three levels of employment, namely, junior staff, senior staff, and management staff. The results show that the junior and senior staff categories have a positive relationship with credit risk management practices. They have p values less than 0.05. This is understood to mean that the operational-level staff of the banks, which must ensure risk management practices and compliance, fall within these categories. The management staff play the supervisory role. The middle-level instructors are the senior staff, who are often referred to as the officers, and those who carry out the instruction are in the junior staff category and are referred to as the clerks. The senior staff and the junior staff have a p value of 0.04 and 0.021, respectively. According to the findings of this study, an effective credit risk management practice in every bank in Ghana revolves around these staff categories.

The paper considered the relationship between the duration of employment and credit risk management practices. It looked at four categories of employment: 1-5 years, 6-10 years, 11-15 years, and 16+ years.The findings revealed that the number of years spent working for the bank is insignificant in influencing credit risk management pratices. As can be seen from the fact that risk management practice measures training provided is part of the orientation process as soon as an applicant is considered for employment especially for those earmarked for the credit department. It is not a question of how long one stays in one's job. All these levels have p values > 0.05. 1-5years (B = -0.028; p value = 0.971); 6-10 years, (B = 0.363; p value = 0.605); 11-15 years, (B = 0.614; p = 0.446); 16+ = 0). The 16+ revealed that no staff is in the employment beyond 15 years.

The study investigated whether credit risk policy awareness influences credit risk practices.The results revealed that there is no significant relationship, with a p value of 0.190>0.05, among those who responded “Yes”. In other words, awareness of the availability of credit risk policies does not affect credit risk management practices practices.

Focusing on the test, if a staff member working in the credit risk department will influence credit risk management practices, the exhibited insignificant p value showed no association for being in the credit department of the bank. While participating in the Google questionnaire, all respondents answered "Yes" with the coefficient of -0.619 and p value 0.160 more than the significant value of 0.05. This means that the increase in the value credit department’s proactiveness will rduce the value of credit risk borne by the bank.

According to the results, from the total of four independent variables that required top management support (MS), credit risk identification (CRI), internal control measures (CRC), and credit risk management challenges (CRMC), which were found significant and showed a positive association with credit risk management practices, with top management support, it was revealed that banks had conformation to laid-down credit strategies on

granting credits, issues relating to BOD's concern in terms of internal audit, provision of accurate and timely reports establishing all the mandatory boards such as the Board Audit Committee (BAC) and Board Risk Management Committee (BRM), regular revision of credit strategies, and above all the independence of their credit decisions from management. The significance level of this item is overwhelming, indicating its importance. This further explained that the failure of credit management practices can be mitigated when top management conforms to the need for credit practices. The positive coefficient of 1.162 and p-value of 0.002 for top management support, while the positive coefficient of 1.90 and p-value of 0.001 for obtaining information through credit risk identification (CRI). This result revealed a positive association to credit risk management practices. It is discussed per the findings that efficient credit risk identification, measurement, monitoring, and action on credit risk violation practices would enhance and improve credit practices in banks in Ghana. Credit Internal Control Measures (CRC) were found to have a positive coefficient of 0.890 and a p–value of 0.036. This should include viable internal control measures to supplement and ensure the credit practices strategies are implemented. A viable client appraisal credit management system, the imposition of loan size limits, regular credit checks, a flexible repayment system to encourage and improve repayment, and the imposition of a penalty for late repayment to enhance customer commitment, are some of these internal control measures.

The final item, which examined whether credit risk management challenges (CRMC) have an effect on credit risk practices, yielded a statistically significant result (B = -491; p = 0.003). This level of significance suggests that when the value of credit management practices increases, the value of credit risk management challenges decreases. This is very optimistic and the ideal case in every situation. In other words, it is assumed that improvements in credit risk practices result in a lower occurrence of credit challenges

4. CONCLUSION

According to the survey, banks incorporate and integrate strategies for credit risk management into their daily operations. The conclusion is reached that banks adopt and execute a variety of credit risk management techniques in their effort to manage credit risk. They also look for the best methods and practices to control the impact of credit risk on banking operations. The bank can reduce the possibility that the unfavorable event will occur by implementing and adhering to responsible credit risk management procedures.

Similarly, it is concluded that banks are implementing efficient internal control measures as a tactic to limit credit risk as a result of the current risky character of banking. The management of banks' credit activity is now being found to include internal control procedures. Last but not least, the research concludes that lack of adequate and appropriate resource coupled with inadequate staff trainings are key factors that affects effective credit risk management in banks. In spite of the diverse credit risk management approaches and strategies, the present study considered only some credit risk management approaches and practices. The paper proposed that future studies could look at other credit risk management approaches that the study failed to capture. This will broaden the knowledge regarding the concept of credit risk management.

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