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Research Article

RISK MANAGEMENT OF BANK CREDIT AND INVESTMENT IN A FINANCIAL INSTITUTION CASE OF RAWBANK

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ABSTRACT

This study notes the difficulties related to the management of credit by the various borrowers and the emergence of Micro and Small Enterprises in acronym MPE for solidarity groups that contracted microcredit with the Raw Bank during the period under review. Indeed, the implementation of an effective management of bank commitments is not an easy task, because it goes beyond the purely theoretical framework of the field of management. Credit management remains a perpetual reflection on the control and adaptation to the direct environment of Rawbank. .

Keywords: Credit, Banking, Management, Risk, Investment.

INTRODUCTION

The emergence of the first signs of competition in the banking system in 1974, with the entry into this sector of private banks and the strengthening of public banks' assets, constitute a strong potential for improving banking intermediation in the world economy. In carrying out their activities, credit institutions bear different types of risk. Depending on their size and the complexity of their activities. Therefore, credit institutions must set up an internal risk control system, namely the processes for detecting, measuring and controlling risk exposures.(Jean Marc,2008).The monetary authorities' sustained efforts to regulate, supervise and supervise banking activities are part of the primary objective of protecting the banking industry against any major risks, including systemic risks, but also of ensuring its soundness. Sylvie(2007). For greater effectiveness, internal control must be more preventive than repressive. Internal control is a means, not an end. Banks are seeing their sizes increase, their structure becomes heavier, and management may find it increasingly difficult to ensure the proper monitoring of policies and to safeguard and increase the bank's wealth.. This is, without a doubt, all valid reasons to justify the existence of control within a bank insofar as it allows the control of risks and the proper functioning of the policy set by the guidelines.

- We do not find effective communication that will convince customers to remain loyal.
- Rawbank does not distinguish between variables related to market research (number of shops available, ease of access, commercial policy).

LITERATURE REVIEW

Xardel D. (2008) "The direct marketing I know", Most ads in the advertising landscape meet the requirements of communication, some of them fish for inefficiency. It must indeed be admitted that the communication of yesterday as of today are variablely effective An

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analysis of the value contained and brought by the product. Michel Jouve, (2003) advertising communication, We are talking about non-media advertising, although it also covers many tools such as: mailing, telephone marketing, in this century we also live tools like Minitel, e-marketing... and it's essential characteristics. Christian Michon (2006) The marker foundations and novelties of marketing. The credibility of the source of the message plays a significant role in assessing the amount of information to be transmitted. The degree of confidence attributed to a source (to the transmitter) depends fundamentally on the receiver's perception of the intentions expressed or suggested by the transmitter. It's noteworthy that the research undertaken on the effects of advertising may allow companies to improve the content and presentation of their campaign, but reveals virtually nothing about how sales are made, assuming they are. A question arises as to what conclusion an advertiser can draw regarding his sales, when he learns from his last campaign there is an increase in the awareness of his brand. Sneider (2009) The weight of the informal economy the author says that a stimulating power contains an additional advantage intended to stimulate the buyer. The growth of a company depends on the possibilities granted to it by the market to popularize and / make known for the visibility of the impact of advertising. Philip Kotler, Bernard B. and Jacques L; (2007) "marketing", The development of the objectives to be achieved for a company has always been an easy thing, but making an effective decision on the overall amount of investment in communication is one of the most difficult decisions to prendre.la marketing strategy is mobilized to retain a targeted and solvent clientele by preserving the economies of scale essential to the survival of the company. M.Meni (2005) "marketing", the degree of success that a communicator will achieve in his effort to persuade the receiver is directly a function of the degree of credibility or trust that he will succeed in conveying to the audience; but it is more the perception of this credibility that will be reality, which will influence the receiver of the message. Alries and Jack t. (1993) "marketing", for the author target audiences or receivers are all the more persuaded by the messages of the senders that feel one or more similarities with them. ousmane longama 2010 d.e.a analysis of the determinants of granting bank credit to companies he asked himself the question of what are the essential elements that should base the decision to grant credit to companies for commitments. he replies by saying that it is necessary to take a credit decision by minimizing the risks the

problem is a theoretical approach that we decide to adopt to deal with the problem posed by the question of departure, it is a way of questioning the phenomena studied. Quivy camenholdt. (1985).

What are the underlying causes of investment risk management?

Louis Mbalu and Robert Longombe (2010), challenge the hypothesis as the set of research responses. It is an interim response, an anticipated response, a provisional statement that describes or explains a phenomenon. Here are some provisional answers that we formulate in relation to our problem. There are many of the factors that are at the origin of investment risk management, and these factors are of internal and external origin:

Endogenous factors:

- The margin on the commission minus is high
- The margin of the borrowing or creditor interest rate
- Late repayment of the credits granted
- The absence of the policy of reinvestment and development
- Lack of continuous training of workers Facteurs

Exogène :

- Political instability
- The decline of the national economy
- The instability of the exchange rate
- The unemployment rate too high among the population

MEDIUM AND METHOD

The method is the logical approach of a science, that is to say the set of particular practices that it implements so that the path, the demonstrations are clear, obvious and irrefutable.

Documentary technology:

It deals with the study and analysis of written documents which includes edited works, official documents, private documents and archives. It appears necessary for the fact that written documents faithfully contain the amount of information unalterable unlike the human brain.

Interview technique:

The interview or interview is a technique commonly used in management sciences, it can be seen as a conversation with an objective, a face-to-face device or the investigator aims to value in an interviewee the production of a discourse on a well-defined theme in the context of research. For this topic we will use three methods which are:

(a) Quantitative method:

It is a digital approach to the collection and analysis of numerical data for the description and explanation of certain phenomena (Pascal Sem Mbimbi And Annie Cornet, 2017). This method will allow us to analyze rawbank's balance sheet and financial statements as well as its credit **portfolio in GNP.**

(b) Comparative methodology:

It is a method by which we try to understand a phenomenon by confronting different situations (Pascal Et Cornet, 2017). This method will allow us to compare the different management of RAWBANK to detect the causal link or the factor generating the differences or similarities observed between the facts compared.

DEFINITION OF CONCEPTS

Credit: Credit comes from the Latin word "créditum", from "credenza" which means to believe that relates to trust. It is the confidence that inspires someone or something. Bank credit is generally the operation by which the bank makes a specific sum available to a third party called a borrower in return for the commitment made by the latter to pay the banker the agreed interest and to return to him at the time fixed for the repayment, a sum equivalent to that which was provided.

Product: In a general sense, the product is what arises from an activity of nature or man. For example, the vegetable is the product of the earth. In a more economic sense, a product is a good that results from a production process. The products make it possible to determine the result achieved by a company. When the income is greater than the expenses, it is a profit. Conversely, if the revenues are lower than the expenses, the result of the company is loss-making.

Marketing product: The marketing product is created and made available to consumers with the aim of satisfying an identified need. It reveals the strategic positioning of a brand, in terms of image, prices and targeted clienteles.

Loyal: Loyalty is an attachment, a constancy of the relationship over time. The customer subscribes to the product and service by establishing a trust often clearly expressed because he becomes a prescriber by recommending to his entourage, our company. Jacoby and kyner (1973).

Customer: In ancient Rome, the clientele is the set of people protected by a high-ranking figure (the boss). By extension, the term today means all supporters and/or voters of a party or politician.

Bank: is a financial institution that provides banking services, including deposit, credit and payment. The term bank can generally refer to the banking sector. Banks play a key role in the stability and functioning of the financial system, and are generally subject to significant state prudential supervision.

INSURANCE: Insurance is a financial instrument for personal planning or business planning of a company. It is a trade in trust risks. Its purpose is to distribute equitably among a large number of people the damage caused by chance to one of them. The idea of mutuality is the basis of all insurance systems.

Risk: A risk is an unfortunate event whose occurrence is uncertain and whose achievement affects the objectives of the company that undergoes it. Banks, like many companies, are subject to risk. However, they are subject to more forms of risk than most other institutions and the control of banking risks is an important issue.

ANALYSIS AND THEORETICAL APPROACH

The benefits of loyalty

Several authors and analytical institutions have clearly highlighted the financial advantages of a loyalty strategy compared to an offensive strategy of conquest. The work of the TARP (Technical Assistance Research Program) includes these observations. They show that winning over a new customer is four to five times more expensive than keeping an already active customer. On the other hand, they also show that a feeling of dissatisfaction can cause infidelity if dissatisfaction is not taken into account by the company. These potential gains must obviously be taken with caution as they are highly dependent on industries. However, loyalty becomes a real strategic orientation. Marketing specialists also integrate it in its own

right into the Mix in the same way as the pricing or communication policy.

STUDY RESULTS

This last chapter is devoted to the presentation of the data, their analysis and their interpretation. Finally, we will conclude with proposals for solutions to the problem under study. We did the direct interviews with the agents of the IF Raw BanK Lubumbashi as well as the presidents of solidarity groups, non-profit organizations and M/PE who benefited from credit during the last four years of our study, that is to say from 2015 to 2018 These four years of studies that allowed us to make analyses to get closer to the reality of credit management at Raw Bank. But before this chapter devoted to the analysis of the data and the presentation of the results of our study, we cannot begin it without recalling here the few procedures for granting credit of the Raw Bank, which will allow us to issue the opinions after analysis in order to comment and propose possible solutions.
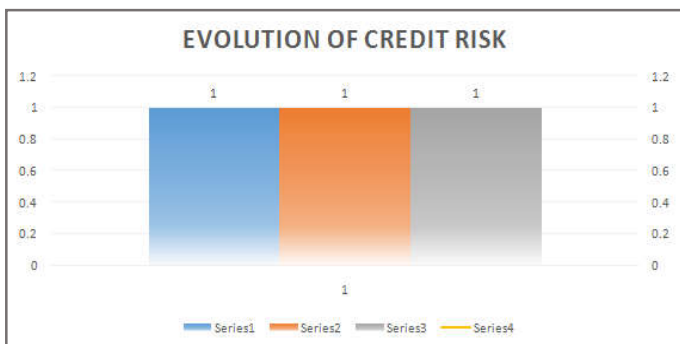
TABLE N° 01: CALCULATION OF CREDIT RISKS GRANTED TO CUSTOMERS.

YEARS HEADING	2016	2017	2018	2019	2020
Credits granted to customers (1)	266 141 935,00	310 232 944,00	408 791 813,00	543 993 751,00	679 640 835,00
Questionable provisions (2)	849 195,00	786 597,00	887 054,00	1 334 028,00	1 975 087,00
Total in percentage (2): (1) X 100	0,32%	0,25%	0,22%	0,25%	0,29%

Source ourselves based on data from Rawbank's annual report.

Feedback: This table allowed us to determine the credit risks allocated to customers in value and percentage. We found a positive evolution in the sub-study years, i.e. 0.32% in 2016; 0.25% in 2017; 0.22% in 2018; 0.25 in 2019 and 0.29% in 2020. By referring to the texts of the Basel Committee of 16 December 2010 which stipulates that loans granted by banks are subject to a leakage rate between 10% and 15% Small and Medium-sized Enterprises (SMEs) and loans to large companies suffer a leakage rate of between 25% and 75%, i.e. when the bank is in such a situation, it is called upon to close its doors. We can therefore say that Rawbank has put in place a satisfactory device for risk management because according to the calculations made, the risks related to the clientele do not even reach a numerical value equal to 1%.

Figure 01: Evolution of credit risk granted to customers

Feedback: In view of this graph above, we observe that the rate evolves gradually from one year to another, i.e. 0.32% in 2013; 0.25% in 2014; 0.22% in 2015; 0.25 in 2016 and 0.29% in 2017 where the credit risk yield curve granted to customers had increased slightly.

CONCLUSION

We say that Rawbank in its mode of short risk management mainly related to solvency is 5.75% in 2016 and 15.70% in 2017 which are generally present a moderate rate during these first two years of our study. But Rawbank has a delicate situation of very high solvency risk rate of 71.49% in 2018; 74.33% in 2019 and 60.65% in 2020.Indeed, the implementation of an effective management of bank commitments is not an easy task, because it goes beyond the purely theoretical framework of the field of management. Credit management remains a perpetual reflection on the control and adaptation to the direct environment of Rawbank. In developing this work, we have used the methods Analytical method: who is the one that proceeds by way of analysis, by this method all the data collected have been analyzed in detail. This method allowed us to compare the different management of RAWBANK to detect the causal link or the generating factor of the differences or similarities observed between the facts compared.

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